



# STATE MORTGAGE & INVESTMENT BANK

## FINANCIAL STATEMENTS

For The Period Ended 30<sup>th</sup> June 2020

INCOME STATEMENT FOR THE PERIOD ENDED 30 <sup>TH</sup> JUNE 2020		Rs 'Mn	
	From 01/01/2020 to 30/06/2020	From 01/01/2019 to 30/06/2019	
Interest Income	2,844	2,967	
Interest Expenses	1,913	1,933	
<b>Net Interest Income</b>	<b>931</b>	<b>1,034</b>	
Fee and Commission Income	33	57	
Fee and Commission Expenses	-	-	
<b>Net Fee and Commission Income</b>	<b>33</b>	<b>57</b>	
Net Fair Value Gains/(Losses) from FA at FVPL	-	1	
Net other Operating Income (net)	1	1	
<b>Total Operating Income</b>	<b>965</b>	<b>1,093</b>	
Impairment Charges	98	82	
<b>Net Operating Income</b>	<b>867</b>	<b>1,010</b>	
Personnel Expenses	376	432	
Depreciation and Amortization Expenses	15	15	
Other expenses	121	129	
<b>Operating Profit/(Loss) before VAT, NBT &amp; DRL</b>	<b>354</b>	<b>435</b>	
Value Added Tax (VAT) on Financial Services	95	111	
Debt Repayment Levy (DRL)	-	61	
Nation Building Tax (NBT)	-	15	
<b>Profit/(Loss) before Tax</b>	<b>259</b>	<b>249</b>	
Tax Expenses	75	110	
<b>Profit/(Loss) for the Period</b>	<b>184</b>	<b>138</b>	

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 <sup>TH</sup> JUNE 2020		Rs 'Mn	
	From 01/01/2020 to 30/06/2020	From 01/01/2019 to 30/06/2019	
<b>Profit/(Loss) for the Period</b>	<b>184</b>	<b>138</b>	
<b>Items that will not be reclassified to Income Statement</b>			
Re-measurement of Post-Employment Benefit Obligations	-	-	
<b>Items that will be reclassified to Income Statement</b>			
Gains and Losses on Re-Measuring Financial Assets	-	-	
<b>Total comprehensive Income for the Period</b>	<b>184</b>	<b>138</b>	

STATEMENT OF FINANCIAL POSITION FOR THE PERIOD ENDED 30 <sup>TH</sup> JUNE 2020		Rs 'Mn	
	As at 30/06/2020	As at 31/12/2019	
<b>Assets</b>		(Unaudited)	
Cash and Cash Equivalents	221	121	
Placements with Banks	10,006	7,091	
Financial Assets - FVPL	20	19	
Financial Assets - AC			
- Loans and Advanced	35,616	35,893	
- Debt and Other Instruments	3,108	2,613	
Financial Assets - FVOCI	5	5	
Property, Plant and Equipment	47	56	
Deferred Tax Assets	88	88	
Other Assets	2,229	1,269	
<b>Total assets</b>	<b>51,339</b>	<b>47,156</b>	
<b>Liabilities</b>			
Due to Banks	36	12	
Financial Liabilities at Amortised Cost			
- Due to Depositors	42,329	38,872	
- Due to Debt Securities Holders	112	110	
- Due to Other Borrowers	1,393	1,502	
Employee Benefit Liability	398	390	
Other Liabilities	1,217	600	
<b>Total Liabilities</b>	<b>45,485</b>	<b>41,486</b>	
<b>Equity</b>			
Stated Capital/Assigned Capital	890	890	
Statutory Reserve Fund	273	271	
Retained Earnings	3,613	3,431	
Other Reserves	1,078	1,078	
<b>Total equity</b>	<b>5,854</b>	<b>5,670</b>	
<b>Total Equity and Liabilities</b>	<b>51,339</b>	<b>47,156</b>	

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 <sup>TH</sup> JUNE 2020		Rs 'Mn	
	From 01/01/2020 to 30/06/2020	From 01/01/2019 to 30/06/2019	
<b>Cash flows from operating activities</b>			
Interest Received	2,001	2,631	
Interest Payments	(1,825)	(1,663)	
Net commission receipts	33	57	
Payments to Employees	(309)	(409)	
VAT, DLR & NBT on financial services	(88)	(214)	
Receipts from Other Operating Activities	1	1	
Payments on Other Operating Activities	(121)	(129)	
<b>Operating profit before changes in Operating Assets &amp; Liabilities</b>	<b>(308)</b>	<b>274</b>	
(Increase)/Decrease in Operating Assets			
Financial assets at amortised cost - loans & advances	142	(630)	
Other assets	-	-	
<b>Increase/(Decrease) in Operating Liabilities</b>	<b>142</b>	<b>(630)</b>	
Financial liabilities at amortised cost - due to depositors	3,242	2,377	
Financial liabilities at amortised cost - due to other borrowers	(108)	(24)	
Other liabilities	-	-	
<b>Net cash generated from operating activities before Income Tax</b>	<b>2,968</b>	<b>1,997</b>	
Income Taxes Paid	(51)	(123)	
<b>Net Cash from Operating Activities</b>	<b>2,916</b>	<b>1,874</b>	
<b>Cash flows from investing activities</b>			
Dividend Received	-	-	
Proceeds from the sale of property, plant and equipment	-	-	
Purchase of financial investments	(3,410)	(2,464)	
Purchase of Property, Plant & Equipment	6	(21)	
Proceeds from the sale & maturity of financial investments	564	508	
<b>Net cash (used in)/from investing activities</b>	<b>(2,840)</b>	<b>(1,977)</b>	
<b>Cash flows from financing activities</b>			
Repayment of subordinated debt	-	-	
Payments to Consolidated Fund	-	-	
<b>Net cash from financing activities</b>	<b>-</b>	<b>-</b>	
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>76</b>	<b>(102)</b>	
Cash and cash equivalents at the beginning of the period	109	96	
<b>Cash and cash equivalents at the end of the period</b>	<b>185</b>	<b>(6)</b>	
<b>Reconciliation of Cash and Cash Equivalents</b>			
Cash and Short Term Funds	221	105	
Government of Sri Lanka Treasury Bills	-	-	
Borrowings from Banks (OD)	(36)	(111)	
<b>Cash and cash equivalents at the end of the period</b>	<b>185</b>	<b>(6)</b>	

Analysis of Financial Instruments by Measurement Basis - Bank Current Year (30.06.2020)				
Bank - Current Period (2020)				
	AC	FVPL	FVOCI	Total
<b>ASSETS</b>				
Cash and cash equivalents	221			221
Placements with banks	10,006			10,006
Loans and advances	35,616			35,616
Debt instruments				-
Reverse Repos	2,139			2,139
Treasury Bills	963			963
Treasury Bonds	6			6
Unit Trusts		20		20
Unquoted Shares			5	5
<b>Total financial assets</b>	<b>48,950</b>	<b>20</b>	<b>5</b>	<b>48,976</b>
<b>LIABILITIES</b>				
Due to Banks	36			36
<b>Financial liabilities</b>				
- Due to depositors	42,329			42,329
- Due to debt security holders	112			112
- Due to other borrowers	1,393			1,393
<b>Total financial liabilities</b>	<b>43,871</b>			<b>43,871</b>

Analysis of Financial Instruments by Measurement Basis - Bank Previous Year (2019)				
Bank Previous Year - 2019				
	AC	FVPL	FVOCI	Total
<b>ASSETS</b>				
Cash and cash equivalents	121			121
Placements with banks	7,091			7,091
Loans and advances	35,893			35,893
Debt instruments	66			66
Reverse Repos	1,386			1,386
Treasury Bills	995			995
Treasury Bonds	169			169
Unit Trusts		19		19
Unquoted Shares			5	5
<b>Total financial assets</b>	<b>45,720</b>	<b>19</b>	<b>5</b>	<b>45,745</b>
<b>LIABILITIES</b>				
Due to Banks	12			12
<b>Financial liabilities</b>				
- Due to depositors	38,872			38,872
- Due to debt security holders	110			110
- Due to other borrowers	1,502			1,502
<b>Total Financial Liabilities</b>	<b>40,496</b>			<b>40,496</b>

AC - Financial assets/liabilities measured at amortised cost  
FVPL - Financial assets/liabilities measured at fair value through profit or loss  
FVOCI - Financial assets measured at fair value through other comprehensive income

Ratio Analysis as at 30/06/2020		
	30/06/2020	31/12/2019
<b>Regulatory Capital (LKR 'Mn) Basel III</b>		
Common Equity Tire - 1	5,075	5,075
Tier - 1 Capital	5,075	5,075
Total Capital	5,278	5,251
<b>Regulatory Capital Ratios (%)</b>		
Common Equity Tire 1 Capital Ratio (Minimum Requirement 7%)	18.55	21.04
Tier 1 Capital Ratio (Minimum Req 08.5%)	18.55	21.04
Total Capital Ratio (Minimum Req 12.5%)	19.30	21.77
<b>Leverage Ratio %</b>	9.87	10.74
<b>Regulatory Liquidity</b>		
Stat Liquid assets Rs Mn	13,917	8,494
Stat Liquid assets Ratio (Minimum req-20%)	36.11	25.09
Total Stock of High Quality Liquid Assets Rs.Mn	1,412	1,522
Liquidity Coverage Ratio (LCR) (Minimum req-100%)	108.45	121.05
Net Stable Funding Ratio (Minimum req-100%)	139.00	137.00
Gross NPL %	21.73	21.21
Net NPL (net of interest in suspense and provisions) %	19.30	19.31
Gross NPL Exclu. EPF %	9.23	7.73
Net NPL Exclu. EPF %	6.19	5.31
Interest Margin %	3.78	4.55
Return on Assets (before Tax) %	1.05	1.04
Return on Equity %	6.40	5.17
Number of Branches	25	25
Number of Employees	373	378

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 <sup>TH</sup> JUNE 2020								
	Contributed Capital	Statutory Reserve	Capital Reserve	General Reserve	Title Indemnity Fund	Retained Earnings	AFS Reserve	Total
<b>Balance as at 31/12/2018</b>	<b>890</b>	<b>262</b>	<b>393</b>	<b>683</b>	<b>1</b>	<b>2,958</b>	<b>-</b>	<b>5,187</b>
Prior Period Adjustments								
Impairment Adjustment								
Net Profit for the Year						281		281
Deemed Dividend Tax over payment provision						189		189
Other Comprehensive Income						13		13
Transfer During the Year		9				(9)		
Transfer to Consolidated Fund								
<b>Balance as at 31/12/2019 (Unaudited)</b>	<b>890</b>	<b>271</b>	<b>393</b>	<b>683</b>	<b>1</b>	<b>3,431</b>	<b>-</b>	<b>5,670</b>
Prior year adjustment								
Net profit for the period						184		184
Other Comprehensive Income						-		-
Deemed Dividend Tax						-		-
Transfer During the year		2				(2)		
Transfer to Investment Fund								
Transfer to Consolidated Fund								
<b>Balance as at 30/06/2020</b>	<b>890</b>	<b>273</b>	<b>393</b>	<b>683</b>	<b>1</b>	<b>3,613</b>	<b>-</b>	<b>5,854</b>

**Certification:**  
We, the undersigned, being the Chairman, General Manager and Assistant General Manager (Finance) of State Mortgage and Investment Bank certify jointly that,  
(a) the above Statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka.  
(b) the information contained in these statements have been extracted from the unaudited draft Financial Statements of the Bank.  
The Board of Directors are responsible for the preparation and presentation of these Financial Statements. These draft Financial Statements were approved by the Board of Directors and signed on their behalf.

Dr. Udayasri Kariyawasam  
Chairman

Mr. W.M. Dayasinghe  
CEO/ General Manager

Mr. K.L.N.A Perera  
Assistant General Manager (Finance)

NOTES TO THE FINANCIAL STATEMENTS		
a. Product wise Gross Loans and Advances		
	30/06/2020	31/12/2019
Mortgage	9,691	9,577
EPF	7,657	8,283
Vehicle	1	6
Staff loans (Staff & EHL)	1,193	1,118
Personal Loans	17,010	16,649
Others	999	1,096
<b>Gross Total</b>	<b>36,550</b>	<b>36,729</b>
b. Stage wise impairment on loans and advances		
	30/06/2020	31/12/2019
<b>Gross loans and advances</b>	<b>36,550</b>	<b>36,729</b>
Stage 1	30,448	26,125
Stage 2	3,047	1,916
Stage 3	3,056	8,688
<b>(Less): Accumulated impairment under:</b>	<b>934</b>	<b>836</b>
Stage 1	181	153
Stage 2	46	65
Stage 3	707	618
<b>Net Loans and Advances</b>	<b>35,616</b>	<b>35,893</b>
c. Movements in impairment during the period		
	30/06/2020	31/12/2019
<b>Stage 1</b>		
Opening balance as at 01/01/2020	153	140
Charge/ (Write back) to income Statement	27	14
Write-off during the year	-	-
<b>Closing balance at 30/06/2020</b>	<b>181</b>	<b>153</b>
<b>Stage 2</b>		
Opening balance as at 01/01/2020	65	57
Charge/ (Write back) to income Statement	-	8
Write-off during the year	(18)	-
<b>Closing balance at 30/06/2020</b>	<b>46</b>	<b>65</b>
<b>Stage 3</b>		
Opening balance as at 01/01/2020	618	508
Charge/ (Write back) to income Statement	89	109
Write-off during the year	-	-
<b>Closing balance at 30/06/2020</b>	<b>707</b>	<b>618</b>
<b>Total</b>	<b>934</b>	<b>836</b>

Analysis of amount due to depositors		
	As at 30/06/2020	As at 31/12/2019
<b>By Product</b>		
Savings deposits	2,034	1,670
Fixed deposits	39,191	36,104
Other deposits (Schemes)	1,105	1,098
<b>Total</b>	<b>42,329</b>	<b>38,872</b>