



State Mortgage & Investment Bank

Audited Financial Statements

For The Year Ended 31st December 2016

INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2016

	Rs '000	
	2016	2015
Interest income	4,240,771	3,879,028
Interest expenses	(2,425,330)	(2,057,337)
Net interest income	1,815,441	1,821,690
Fee and commission income	121,155	107,455
Fee and commission expenses	-	-
Net fee and commission income	121,155	107,455
Other operating income (net)	9,946	12,118
Total operating income	1,946,541	1,941,264
Impairment for loans and other losses	(35,276)	(106,577)
Net operating income	1,911,265	1,834,686
Personnel expenses	(698,205)	(698,834)
Other expenses	(286,537)	(293,055)
Operating profit/(loss) before value added tax (VAT)	926,523	842,797
Value added tax (VAT) on financial services	(189,619)	(136,942)
Nation Building Tax (NBT)	(30,835)	(24,898)
Profit/(loss) before tax	706,069	680,957
Tax expenses	(270,051)	(271,183)
Profit/(loss) for the Year	436,018	409,774

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2016

	Rs' 000	
	2016	2015
Profit/(loss) for the year	436,018	409,774
Other comprehensive income, net of tax		
Gains & losses on re-measuring available-for-sale financial assets (530)		13,524
Actuarial Gains/(losses) on Defined Benefit Plans (+/-)	31,357	-
Total comprehensive income for the year	466,845	423,298

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2016

	Rs '000	
	2016	2015
Assets		
Cash and cash equivalents	98,025	103,597
Placements with banks	5,700,335	5,812,559
Loans and receivables to customers	28,163,701	26,523,405
Financial investments - Available-for-sale	22,619	437,743
Financial investments - Held-to-maturity	667,814	820,278
Property, plant and equipment	93,576	74,416
Deferred tax assets	95,858	90,767
Other assets	505,230	368,810
Total assets	35,347,159	34,231,576
Liabilities		
Due to banks	19,057	7,196
Due to customers	28,845,169	27,836,411
Other borrowings	502,912	959,935
Employee Benefit Liability	322,683	323,423
Other Liabilities	739,142	841,488
Total liabilities	30,428,963	29,968,453
Equity		
Stated Capital/Assigned Capital	889,813	889,813
Statutory Reserve Fund	231,358	203,053
Retained Earnings	2,706,976	2,449,406
Other Reserves	1,090,049	720,851
Total equity	4,918,195	4,263,123
Total equity and liabilities	35,347,159	34,231,576

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2016

	Rs '000	
	2016	2015
Cash flows from operating activities		
Interest Received	3,512,102	3,450,961
Interest Payments	(1,827,279)	(2,057,337)
Payments to Employees and suppliers	(648,946)	(698,834)
Receipts from Other Operating Activities	125,013	119,573
Payments on Other Operating Activities	(286,104)	(293,055)
Operating profit before changes in Operating Assets	874,785	521,308
Increase/(Decrease) in Operating Assets		
Funds Advanced to Customers	(1,758,233)	(2,592,362)
Other Short Term Securities	741,831	(1,541,160)
Increase/(Decrease) in Operating Liabilities		
Deposits from Customers	276,337	3,689,992
Others	-	(80,085)
Net cash generated from operating activities before Income Tax	134,720	(2,307)
Income Tax, VAT, NBT & Deemed Dividend Tax Paid	(678,621)	(336,246)
Net Cash from Operating Activities	(543,901)	(338,553)
Cash flows from investing activities		
Dividend Received	6,088	5,519
Proceeds from the sale of property, plant and equipment	-	-
Purchase of Property, Plant & Equipment	(56,687)	(12,313)
Proceeds from the sale and maturity of financial investments	408,207	335,945
Interest Received from Government Securities	251,561	92,122
Net cash (used in)/from investing activities	609,168	421,272
Cash flows from financing activities		
Repayment of Debentures	-	-
Repayment of Loans	(72,701)	(74,486)
Proceeds from Borrowings	-	-
Payments to Consolidated Fund	(10,000)	(10,000)
Net cash from financing activities	(82,701)	(84,486)
Net increase/(decrease) in cash & cash equivalents	(17,433)	(1,766)
Cash and cash equivalents at the beginning of the year	96,401	98,168
Cash and cash equivalents at the end of the year	78,968	(96,401)
Reconciliation of Cash and Cash Equivalents		
Cash and Short Term Funds	98,025	103,597
Government of Sri Lanka Treasury Bills	-	-
Borrowings from Banks	(19,057)	(7,196)
Cash and cash equivalents at the end of the year	78,968	(96,401)

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS AS AT 31ST DECEMBER 2016

Bank - Current Year (2016)

	HTM	Loans & Receivables	AFS	Total
ASSETS				
Cash and Balances with Central Banks		98,025		98,025
Sri Lanka Government Securities	667,814			667,814
Balances with Banks				-
Investment Securities			5,379	5,379
Placement with and Loans to Other Banks & Financial Institutions				-
Commercial Papers		291,437		291,437
Trust Certificates		-		-
Treasury Bills Held Under Resale Agreement		940,400		940,400
Fixed Deposits		4,402,499		4,402,499
Debentures		65,999		65,999
Loans and Receivables to Other Customers		28,163,701		28,163,701
Financial Investments - Unit Trust			17,240	17,240
Other Assets - Prepaid Staff Loans		275,456		275,456
Total financial assets	667,814	34,237,517	22,619	34,927,950
LIABILITIES				
Due to Banks		19,057		19,057
Due to Customers				-
Deposits		17,814,279		17,814,279
Institutional Deposits		9,982,831		9,982,831
Scheme Deposits		1,048,059		1,048,059
Debt Securities Issued		110,181		110,181
Other Borrowings				-
Government of Sri Lanka AHF		29,321		29,321
Refinance Borrowing		363,411		363,411
Other Liabilities		273,523		273,523
Total financial liabilities		29,640,661		29,640,661

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS (continued) Bank - Previous Year (2015)

	HTM	Loans & Receivables	AFS	Total
ASSETS				
Cash and Balances with Central Banks		103,597		103,597
Sri Lanka Government Securities	820,278			820,278
Balances with Banks				-
Investment Securities			5,379	5,379
Placement with and Loans to Other Banks & Financial Institutions				-
Commercial Papers		466,026		466,026
Trust Certificates				-
Treasury Bills Held Under Resale Agreement		611,335		611,335
Fixed Deposits		4,669,309		4,669,309
Debentures		65,890		65,890
Loans and Receivables to Other Customers		26,523,405		26,523,405
Financial investments - Pyramid			432,364	432,364
Trust				-
Other Assets -Prepaid Staff Loans		260,733		260,733
Total financial assets	820,278	32,700,295	437,743	33,958,316
LIABILITIES				
Due to Banks		7,196		7,196
Due to Customers				-
Deposits		17,969,934		17,969,934
Institutional Deposits		8,862,850		8,862,850
Scheme Deposits		1,003,627		1,003,627
Debt Securities Issued		110,181		110,181
Other Borrowings				-
Government of Sri Lanka AHF		384,322		384,322
Refinance Borrowing		427,817		427,817
Other Liabilities		369,395		369,395
Total Financial Liabilities		29,172,937		29,172,937

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2016

	Contributed Capital	Statutory Reserve	Capital Reserve	General Reserve	Title Indemnity Fund	Retained Earnings	AFS Reserve	Total
Balance as at 31/12/2014	889,813	191,356	9,176	683,280	1,031	2,229,191	13,840	4,017,687
Net Profit for the Year						409,774		409,774
Deemed Dividend Tax						(167,862)		(167,862)
Other Comprehensive Income							13,524	13,524
Transfer During the Year			11,697			(11,697)		
Transfer to Investment Fund								
Payments to Consolidated Fund						(10,000)		(10,000)
Balance as at 31/12/2015	889,813	203,053	9,176	683,280	1,031	2,449,406	27,364	4,263,123
Prior Period Adjustments						1,846		1,846
Net Profit for the Period						436,018		436,018
Deemed Dividend Tax						(173,347)		(173,347)
Government Loan Transfer				384,322				384,322
Other Comprehensive Income						31,357	(15,124)	16,234
Transfer During the Year			28,305			(28,305)		
Payments to Consolidated Fund						(10,000)		(10,000)
Balance as at 31/12/2016	889,813	231,358	393,498	683,280	1,031	2,706,976	12,240	4,918,195

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 audited 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.

K.K. Tissa Jinadasa
Chairman

W.M. Dayasinghe
General Manager

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

NOTES TO THE FINANCIAL STATEMENTS

01) LOANS AND RECEIVABLES TO OTHER CUSTOMERS

	As at 31/12/2016	As at 31/12/2015
Gross loans and receivables	28,530,495	26,854,923
(Less): Individual impairment	(12,893)	(9,390)
Collective impairment	(353,901)	(322,128)
Net loans and receivables	28,163,701	26,523,405

02) LOANS AND RECEIVABLES TO OTHER CUSTOMERS-BY PRODUCT

	As at 31/12/2016	As at 31/12/2015
By Product		
Mortgage	9,076,121	8,213,026
EPF	10,343,698	12,051,365
Vehicle	40,345	54,682
Staff loans	841,704	740,216
Personal Loans	7,430,006	4,606,068
Others (FD Loans, Refinance, Etc)	798,621	1,189,566
Total	28,530,495	26,854,923

03) MOVEMENTS IN INDIVIDUAL AND COLLECTIVE IMPAIRMENT DURING THE PERIOD FOR LOANS AND RECEIVABLES TO OTHER CUSTOMERS

	As at 31/12/2016	As at 31/12/2015
Individual impairment		
Opening balance	9,390	6,450
Charge/(Write back) to income	3,503	2,940
Statement	-	-
Write-off during the year	-	-
Other movements	-	-
Closing balance at 31/12/2016	12,893	9,390
Collective impairment		
Opening balance	322,128	218,491
Charge/(Write back) to income Statement	31,773	103,637
Other movements	-	-
Closing balance as at 31/12/2016	353,901	322,128
Total impairment as at 31/12/2016	366,794	331,518

04) DUE TO OTHER CUSTOMERS-BY PRODUCT

	As at 31/12/2016	As at 31/12/2015
By Product		
Term Deposits	26,358,349	25,481,296
Savings Deposits	1,438,761	1,351,488
Scheme Deposits	1,048,059	1,003,627
Total	28,845,169	27,836,411

SELECTED PERFORMANCE INDICATORS

Item	As at 31/12/2016	As at 31/12/2015
Regulatory Capital Adequacy		
Core Capital (Tier 1 Capital)	3,812,450	3,242,741
Total Capital Base	3,896,017	3,313,136
Core Capital Adequacy Ratio, as a % of Risk Weighted Assets	22.96	22.17
Total Capital Adequacy Ratio, as a % of Risk Weighted Assets	23.47	