



State Mortgage & Investment Bank

Financial Statements

For The Year Ended 31st December 2017

INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2017

	Rs '000	
	2017	2016
Interest income	4,745,896	4,240,771
Interest expenses	(3,102,224)	(2,425,330)
Net interest income	1,643,651	1,815,441
Fee and commission income	149,314	121,155
Fee and commission expenses	-	-
Net fee and commission income	149,314	121,155
Other operating income (net)	21,858	9,946
Total operating income	1,814,824	1,946,541
Impairment for loans and other losses	(159,155)	(35,276)
Net operating income	1,655,669	1,911,265
Personnel expenses	(724,862)	(698,205)
Other expenses	(295,110)	(286,537)
Operating profit/(loss) before value added tax (VAT)	635,697	926,523
Value added tax (VAT) on financial services	(167,385)	(189,619)
Nation Building Tax (NBT)	(22,318)	(30,835)
Profit/(loss) before tax	445,994	706,069
Tax expenses	(223,318)	(270,051)
Profit/(loss) for the Year	223,675	436,018

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2017

	Rs' 000	
	2017	2016
Profit/(loss) for the year	223,675	436,018
Other comprehensive income, net of tax		
Gains & losses on re-measuring available-for-sale financial assets	655	(530)
Actuarial Gains/(losses) on Defined Benefit Plans (+/-)	5,207	31,357
Total comprehensive income for the year	229,537	466,845

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2017

	Rs '000	
	2017	2016
Assets		
Cash and cash equivalents	104,169	98,025
Placements with banks	7,073,686	5,700,335
Loans and receivables to customers	33,051,070	28,163,701
Financial investments - Available-for-sale	23,274	22,619
Financial investments - Held-to-maturity	1,035,369	667,814
Property, plant and equipment	71,305	93,576
Deferred tax assets	95,801	95,858
Other assets	635,007	505,230
Total assets	42,089,680	35,347,159
Liabilities		
Due to banks	32,048	19,057
Due to customers	33,621,292	28,845,169
Other borrowings	2,496,487	502,912
Employee Benefit Liability	336,545	322,683
Other Liabilities	615,814	739,142
Total liabilities	37,102,186	30,428,963
Equity		
Stated Capital/Assigned Capital	889,813	889,813
Statutory Reserve Fund	246,636	231,358
Retained Earnings	2,760,341	2,706,976
Other Reserves	1,090,704	1,090,049
Total equity	4,987,494	4,918,195
Total equity and liabilities	42,089,680	35,347,159

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2017

	Rs '000	
	2017	2016
Cash flows from operating activities		
Interest Received	3,700,686	3,512,102
Interest Payments	(2,191,019)	(1,827,279)
Payments to Employees and suppliers	(687,459)	(648,946)
Receipts from Other Operating Activities	151,965	125,013
Payments on Other Operating Activities	(295,195)	(286,104)
Operating profit before changes in Operating Assets	678,979	874,785
Increase/(Decrease) in Operating Assets		
Funds Advanced to Customers	(5,000,651)	(1,758,233)
Other Short Term Securities	(1,756,102)	741,831
Increase/(Decrease) in Operating Liabilities		
Deposits from Customers	3,868,349	276,337
Others	-	-
Net cash generated from operating activities before Income Tax	(2,209,424)	134,720
Income Tax, VAT, NBT & Deemed Dividend Tax Paid	(530,115)	(678,621)
Net Cash from Operating Activities	(2,739,539)	(543,901)
Cash flows from investing activities		
Dividend Received	19,208	6,088
Proceeds from the sale of property, plant and equipment	214	-
Purchase of Property, Plant & Equipment	(11,117)	(56,687)
Proceeds from the sale and maturity of financial investments	567,975	408,207
Interest Received from Government Securities	191,290	251,561
Net cash (used in)/from investing activities	767,570	609,168
Cash flows from financing activities		
Repayment of Debentures	-	-
Repayment of Loans	(218,898)	(72,701)
Proceeds from Borrowings	2,209,020	-
Payments to Consolidated Fund	(25,000)	(10,000)
Net cash from financing activities	1,965,122	(82,701)
Net increase/(decrease) in cash & cash equivalents	(6,847)	(17,433)
Cash and cash equivalents at the beginning of the year	78,968	96,401
Cash and cash equivalents at the end of the year	72,121	78,968
Reconciliation of Cash and Cash Equivalents		
Cash and Short Term Funds	104,169	98,025
Government of Sri Lanka Treasury Bills	-	-
Borrowings from Banks	(32,048)	(19,057)
Cash and cash equivalents at the end of the year	72,121	78,968

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS AS AT 31ST DECEMBER 2017

	Rs '000			
	HTM	Loans & Receivables	AFS	Total
ASSETS				
Cash and Balances with Central Banks		104,169		104,169
Sri Lanka Government Securities	1,035,369			1,035,369
Balances with Banks				-
Investment Securities			5,379	5,379
Placement with and Loans to Other Banks & Financial Institutions				-
Commercial Papers				-
Trust Certificates				-
Treasury Bills Held Under Resale Agreement		1,017,023		1,017,023
Fixed Deposits		5,987,565		5,987,565
Debentures		69,099		69,099
Loans and Receivables to Other Customers		33,051,070		33,051,070
Financial Investments - Unit Trust			17,895	17,895
Other Assets - Prepaid Staff Loans		290,496		290,496
Total financial assets	1,035,369	40,519,421	23,274	41,578,064
LIABILITIES				
Due to Banks		32,048		32,048
Due to Customers				-
Deposits		20,541,237		20,541,237
Institutional Deposits		12,004,036		12,004,036
Scheme Deposits		1,076,019		1,076,019
Debt Securities Issued		110,181		110,181
Other Borrowings				-
Government of Sri Lanka Bank Loans		2,055,957		2,055,957
AHF		20,840		20,840
Refinance Borrowing		309,509		309,509
Other Liabilities		233,211		233,211
Total financial liabilities		36,383,038		36,383,038

ANALYSIS OF FINANCIAL INSTRUMENTS BY MEASUREMENT BASIS (continued) Bank - Previous Year (2016)

	Rs '000			
	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 - Pyramid			17,240	17,240
Trust				-
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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2017

	Contributed Capital	Statutory Reserve	Capital Reserve	General Reserve	Title Indemnity Fund	Retained Earnings	AFS Reserve	Total
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 Year						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)		-
Transfer 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
Prior Period Adjustments						(27,885)		(27,885)
Net Profit for the Year						223,675		223,675
Deemed Dividend Tax						(107,354)		(107,354)
Other Comprehensive Income						5,207	655	5,862
Transfer During the Year			15,278			(15,278)		-
Payments to Consolidated Fund						(25,000)		(25,000)
Balance as at 31/12/2017	889,813	246,636	393,498	683,280	1,031	2,760,341	12,895	4,987,494

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 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.

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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		
	Rs '000	
	As at 31/12/2017	As at 31/12/2016
Gross loans and receivables	33,577,019	28,530,495
(Less): Individual impairment	(48,052)	(12,893)
Collective impairment	(477,897)	(353,901)
Net loans and receivables	33,051,070	28,163,701

02) LOANS AND RECEIVABLES TO OTHER CUSTOMERS-BY PRODUCT		
	Rs '000	
	As at 31/12/2017	As at 31/12/2016
By Product		
Mortgage	9,179,987	9,076,121
EPF	9,312,656	10,343,698
Vehicle	27,483	40,345
Staff loans	882,313	841,704
Personal Loans	13,193,613	7,430,006
Others (FD Loans, Refinance, Etc)	980,967	798,621
Total	33,577,019	28,530,495

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

	Rs '000	
	As at 31/12/2017	As at 31/12/2016
Individual impairment		
Opening balance	12,893	9,390
Charge/(Write back) to income	35,159	3,503
Statement	-	-
Write-off during the year	-	-
Other movements	-	-
Closing balance at 31/12/2017	48,052	12,893
Collective impairment		
Opening balance	353,901	322,128
Charge/(Write back) to income Statement	123,996	31,773
Other movements	-	-
Closing balance as at 31/12/2017	477,897	353,901
Total impairment as at 31/12/2017	525,949	366,794

04) DUE TO OTHER CUSTOMERS-BY PRODUCT

	Rs '000	
	As at 31/12/2017	As at 31/12/2016
By Product		
Term Deposits	30,938,107	26,358,349
Savings Deposits	1,607,165	1,438,761
Scheme Deposits	1,076,019	1,048,059
Total	33,621,292	28,845,169

SELECTED PERFORMANCE INDICATORS

Item	As at 31/12/2017	As at 31/12/2016
Regulatory Capital		