



# STATE MORTGAGE & INVESTMENT BANK

## AUDITED FINANCIAL STATEMENTS

For The Year Ended 31<sup>st</sup> December 2021

ICRA Issuer Rating [SL] BBB+ Stable

AUDITED INCOME STATEMENT FOR THE YEAR ENDED 31 <sup>ST</sup> DECEMBER 2021		Rs 'Mn	
	2021	2020	
Interest income	5,254	6,082	
Interest expenses	(2,951)	(3,960)	
<b>Net interest income</b>	<b>2,302</b>	<b>2,122</b>	
Fee and commission income	139	143	
Fee and commission expenses	-	-	
<b>Net fee and commission income</b>	<b>139</b>	<b>143</b>	
Net Fair Value Gains/(Losses) from FA at FVPL	4	2	
Net other operating income (net)	29	34	
<b>Total operating income</b>	<b>2,474</b>	<b>2,300</b>	
Impairment Charges	(362)	(270)	
<b>Net operating income</b>	<b>2,112</b>	<b>2,030</b>	
Personnel expenses	(1,084)	(873)	
Depreciation and amortization expenses	(100)	(53)	
Other expenses	(306)	(314)	
<b>Operating profit/(loss) before VAT</b>	<b>621</b>	<b>790</b>	
Value added tax (VAT) on financial services	(216)	(218)	
Debt Repayment Levy (DRL)	-	-	
Nation Building Tax (NBT)	-	-	
<b>Profit/(loss) before tax</b>	<b>405</b>	<b>572</b>	
Income Tax expenses	(152)	(216)	
<b>Profit/(loss) for the Year</b>	<b>253</b>	<b>356</b>	

AUDITED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 <sup>ST</sup> DECEMBER 2021		Rs 'Mn	
	2021	2020	
Profit/(loss) for the Year	253	356	
Items that will be reclassified to income statement	-	-	
Gains and Losses on Re-Measuring Financial Assets	-	-	
Items that will not be reclassified to income statement	-	-	
Re-measurement of post-employment benefit obligations	13	(25)	
Deferred Tax effect on Actuarial Gains/Losses on defined benefit obligations	(3)	7	
<b>Total comprehensive income for the period</b>	<b>263</b>	<b>338</b>	

AUDITED STATEMENT OF FINANCIAL POSITION As at 31 <sup>ST</sup> DECEMBER 2021		Rs 'Mn	
	2021	2020	
<b>Assets</b>			
Cash and cash equivalents	144	196	
Placements with Banks	11,775	11,812	
Financial Assets - FVPL	25	21	
Financial Assets - AC			
- Loans and Advances	38,103	36,857	
- Debt and Other Instruments	1,992	2,415	
Financial Assets - FVOCI	5	5	
Property, plant and equipment	56	52	
Right-of-use Assets	109	104	
Deferred tax assets	223	235	
Other assets	891	1,105	
<b>Total assets</b>	<b>53,323</b>	<b>52,802</b>	
<b>Liabilities</b>			
Due to banks	31	67	
Financial Liabilities at Amortised Cost			
- Due to Depositors	45,738	45,388	
- Due to Debt Securities Holders	-	-	
- Due to Other Borrowers	270	348	
Employee Benefit Liability	438	449	
Other Liabilities	562	529	
<b>Total liabilities</b>	<b>47,039</b>	<b>46,782</b>	
<b>Equity</b>			
Stated Capital/Assigned Capital	890	890	
Statutory Reserve Fund	297	284	
Retained Earnings	4,019	3,768	
Other Reserves	1,078	1,078	
<b>Total equity</b>	<b>6,284</b>	<b>6,020</b>	
<b>Total equity and liabilities</b>	<b>53,323</b>	<b>52,802</b>	
Contingent Liabilities and Commitments	128	88	

AUDITED STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 <sup>ST</sup> DECEMBER 2021		Rs 'Mn	
	2021	2020	
<b>Cash Flows from Operating Activities</b>			
Interest Received	4,706	4,340	
Interest Payments	(2,900)	(3,524)	
Net commission receipts	139	143	
Payments to Employees	(864)	(777)	
VAT on financial services	(263)	(215)	
Receipts from Other Operating Activities	5	5	
Payments on Other Operating Activities	(212)	(301)	
<b>Operating Profit before Changes in Operating Assets (Increase)/ Decrease in Operating Assets</b>	<b>611</b>	<b>(328)</b>	
Financial assets at amortised cost - loans & advances	(1,666)	(1,154)	
Other assets	404	105	
<b>Increase/ (Decrease) in Operating Liabilities</b>	<b>(1,262)</b>	<b>(1,049)</b>	
Financial liabilities at amortised cost-due to depositors	350	6,076	
Financial liabilities at amortised cost-due to other borrowers	(91)	(1,154)	
Other liabilities	107	(9)	
<b>Net cash generated from operating activities before Income Tax</b>	<b>(286)</b>	<b>3,535</b>	
Income Taxes Paid	(147)	(121)	
<b>Net Cash from Operating Activities</b>	<b>(433)</b>	<b>3,414</b>	
<b>Cash flows from investing activities</b>			
Dividend Received	23	29	
Proceeds from the sale of property, plant and equipment	-	1	
Purchase of Property, Plant & Equipment	(21)	(14)	
Purchase of financial investments	-	-	
Proceeds from the sale & maturity of financial investments	415	(3,410)	
<b>Net cash (used in)/ from investing activities</b>	<b>417</b>	<b>(3,394)</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>(16)</b>	<b>20</b>	
Cash and cash equivalents at the beginning of the period	128	109	
<b>Cash and cash equivalents at the end of the period</b>	<b>112</b>	<b>128</b>	
<b>Reconciliation of Cash and Cash Equivalents</b>			
Cash and Short Term Funds	144	196	
Government of Sri Lanka Treasury Bills	-	-	
Borrowings from Banks (OD)	(31)	(67)	
<b>Cash and cash equivalents at the end of the period</b>	<b>112</b>	<b>128</b>	

Analysis of Financial Instruments by Measurement Basis - Bank Current Year 2021		Rs. 'Mn			
	AC	FVPL	FVOCI	Total	
<b>ASSETS</b>					
Cash and cash equivalents	144			144	
Placements with banks	11,775			11,775	
Loans and advances	38,103			38,103	
Debt instruments	-			-	
Reverse Repos	716			716	
Treasury Bills	893			893	
Treasury Bonds	383			383	
Unit Trusts		25		25	
Unquoted Shares			5	5	
<b>Total financial assets</b>	<b>52,014</b>	<b>25</b>	<b>5</b>	<b>52,044</b>	
<b>LIABILITIES</b>					
Due to Banks	31			31	
<b>Financial liabilities</b>					
- Due to depositors	45,738			45,738	
- Due to debt security holders	-			-	
- Due to other borrowers	270			270	
<b>Total financial liabilities</b>	<b>46,040</b>			<b>46,040</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

Analysis of Financial Instruments by Measurement Basis - Bank Previous Year 2020		Rs. 'Mn			
	AC	FVPL	FVOCI	Total	
<b>ASSETS</b>					
Cash and cash equivalents	196			196	
Placements with banks	11,812			11,812	
Loans and advances	36,952			36,952	
Debt instruments	-			-	
Reverse Repos	1,434			1,434	
Treasury Bills	815			815	
Treasury Bonds	166			166	
Unit Trusts		21		21	
Unquoted Shares			5	5	
<b>Total financial assets</b>	<b>51,279</b>	<b>21</b>	<b>5</b>	<b>51,401</b>	
<b>LIABILITIES</b>					
Due to Banks	67			67	
<b>Financial liabilities</b>					
- Due to depositors	45,388			45,388	
- Due to debt security holders	-			-	
- Due to other borrowers	348			348	
<b>Total financial liabilities</b>	<b>45,804</b>			<b>45,804</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 31/12/2021		31/12/2021	31/12/2020
<b>Regulatory Capital (LKR 'Mn) Basel III</b>			
Common Equity Tire - 1		6,066	5,785
Tier - 1 Capital		6,066	5,785
Total Capital		6,473	6,077
<b>Regulatory Capital Ratios (%)</b>			
Common Equity Tire 1 Capital Ratio (Minimum Requirement 7%)		23.95	21.58
Tier 1 Capital Ratio (Minimum Req 8.5%)		23.95	21.58
Total Capital Ratio (Minimum Req 12.5%)		25.23	22.67
<b>Leverage Ratio %</b>		10.57	10.16
<b>Regulatory Liquidity</b>			
Stat Liquid assets Rs Mn		13,652	15,482
Stat Liquid assets Ratio (Minimum req-20%)		32.58	37.29
Total Stock of High Quality Liquid Assets Rs.Mn		1,849	1,579
Liquidity Coverage Ratio (LCR) (Minimum req-100%)		115.00	116.00
Net Stable Funding Ratio (Minimum req-100%)		136.00	138.00
Gross NPL %		19.84	22.94
Net NPL %		16.56	20.25
Gross NPL Exclu. EPF %		9.19	10.71
Net NPL Exclu. EPF %		5.27	7.39
Interest Margin %		4.34	4.24
Return on Assets (before Tax) %		0.76	1.15
Return on Equity %		4.11	6.09
Number of Branches		25	25
Number of Employees		365	369
Impaired Loans (Stage 3) Ratio (%)		20	22
Impairment (Stage 3) to Stage 3 Loans Ratio (%)		11	8

AUDITED STATEMENT OF CHANGES IN EQUITY - FOR THE PERIOD ENDED 31 <sup>ST</sup> DECEMBER 2021							Rs. 'Mn	
	Contributed Capital	Statutory Reserve	Capital Reserve	General Reserve	Title Indemnity Fund	Retained Earnings	AFS Reserve	Total
<b>Balance as at 31/12/2019</b>	<b>890</b>	<b>271</b>	<b>393</b>	<b>683</b>	<b>1</b>	<b>3,420</b>	-	<b>5,659</b>
Net Profit for the Year						23		23
Deemed Dividend Tax						356		356
Other Comprehensive Income						(18)		(18)
Transfer During the Year						(13)		(13)
Transfer to Consolidated Fund						-		-
<b>Balance as at 31/12/2020</b>	<b>890</b>	<b>284</b>	<b>393</b>	<b>683</b>	<b>1</b>	<b>3,768</b>	-	<b>6,020</b>
Prior Year adjustments						1		1
Net Profit for the year						253		253
Deemed dividend Tax over Payment						-		-
Other Comprehensive Income						10		10
Transfer During the Year						(13)		(13)
Transfer to Consolidated Fund						-		-
<b>Balance as at 31/12/2021</b>	<b>890</b>	<b>297</b>	<b>393</b>	<b>683</b>	<b>1</b>	<b>4,019</b>	-	<b>6,284</b>

**Certification:**  
(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 Financial Statements of the Bank.

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

The Board of Directors is responsible for the preparation and presentation of these Financial Statements. These Financial Statements have been approved by the Board of Directors and signed on their behalf.

**Dr.Udayasri Kariyawasam**  
Chairman

**Mr.S.K.A. Galappatthi**  
Director

**Mr.L.T.I. Asuramanna**  
General Manager / CEO

**Audit Opinion of Auditor General**  
In my opinion, the accompanying financial statements of the Bank give a true and fair view of the financial position of the bank as at 31 December 2021, and of its financial performance and its cashflows for the year ended in accordance with Sri Lanka Accounting Standards.

01. Analysis of amount due to depositors			Rs. 'Mn	
	2021	2020		
<b>By Product</b>				
Savings deposits	2,621.05	2,262.44		
Fixed deposits	42,041.07	41,984.99		
Other deposits (Schemes)	1,076.26	1,141.06		
<b>Total</b>	<b>45,738.38</b>	<b>45,388.49</b>		

02. Financial Assets at Amortised Cost- Loans and Advances			Rs. 'Mn	
	2021	2020		
<b>Gross loans and advances</b>	<b>39,590</b>	<b>37,984</b>		
Stage 1	28,135	26,750		
Stage 2	2,560	2,088		
Stage 3	8,895	9,146		
<b>(Less): Accumulated impairment under:</b>	<b>1,469</b>	<b>1,103</b>		
Stage 1	333	248		
Stage 2	150	89		
Stage 3	987	766		
<b>Net Loans and Advances</b>	<b>38,121</b>	<b>36,880</b>		
Less- First day impact of Moratorium Loans	18	23		
<b>Carrying Value of Loans and Advances</b>	<b>38,103</b>	<b>36,857</b>		

a. Analysis by Product			Rs. 'Mn	
	2021	2020		
Mortgage	10,608	9,943		
EPF	6,830	7,685		
Vehicle	-	-		
Staff loans	1,411	1,368		
Personal Loans	20,062	18,232		
Others	1,168	1,137		
Less- Allowance for Day 1 Difference - Staff Loan (488)	(488)	(381)		
<b>Gross Total</b>	<b>39,591</b>	<b>37,984</b>		
<b>By collateralization</b>				
Collateral held as Security	17,438	18,728		
Other Credit Enhancements	22,152	19,256		
<b>Gross Total</b>	<b>39,590</b>	<b>37,984</b>		

b. Movements in impairment during the Year			Rs. 'Mn	
	31/12/2021	31/12/2020		
<b>Stage 1</b>	<b>31/12/2021</b>	<b>31/12/2020</b>		
Opening balance as at 01/01/2021	248	153		
Charge/ (Write back) to income Statement	85			