



INTERIM FINANCIAL STATEMENTS

For the year ended 31 December 2019

Union Bank records strong performance in 2019

Bank

- Profit after all Taxes grew by 50.3% YoY to Rs. 710 Mn
- Net Interest Income up by 22.6% YoY to Rs. 4,479 Mn
- Total Operating Income grew by 13.9% YoY to Rs. 6,021 Mn
- Strong Balance Sheet with Total Capital Adequacy Ratio of 16.75%

Group

- Profit after all taxes grew by 50.4% YoY to Rs. 804 Mn
- Net Interest Income up by 17.2% YoY to Rs. 5,234 Mn
- Total Operating Income grew by 10.5% YoY to Rs.6,916 Mn
- Total capital adequacy ratio was 16.36%

Union Bank demonstrated a healthy performance amidst the challenging macro-economic environment in the year 2019, recording a significant increase of 50% in profit after all taxes. Amidst sector shocks that prevailed throughout, the Bank strived for revenue optimisation through portfolio re-alignment and prudent cost management. During the year, the Bank had paid 66% of its profits as taxes which was over Rs.1 Bn.

Core Banking growth and Profitability

Despite market challenges, the core banking operations of the Bank performed consistently on the back of focused strategic initiatives implemented across Corporate, SME and Retail Banking segments, supported by an impressive Treasury performance. As a result of well- managed core banking operations, The Net Interest Income (NII) of the Bank grew significantly to Rs. 4,479 Mn, which was a YoY growth of 22.6%.

Net Interest Margin (NIM) for the year was 3.6%. NIM for the current period would have been 3.8% if the return from investments in units was considered. Return from investments in units was Rs. 227 Mn and was recorded as capital gains under “net fair value gains/ (losses) from financial instruments at fair value through profit or loss”.

Despite policy rate revisions, the demand for credit to the private sector remained subdued, affecting the balance sheet growth. The Bank’s loans and advances stood at Rs. 77,358 Mn and recorded a growth of Rs. 3,609 Mn, which was a 4.9% increase in comparison to the previous year. The growth was mainly attributable to the contribution from loans in the retail segment including a significant increase in the credit cards portfolio and the expansion of the Corporate loans portfolio.

The deposits base of the Bank stood at Rs. 76,532 Mn as at year end. The Bank’s strategic focus was shifted towards acquisition of low-cost deposits which requisitioned a strategic re-alignment of the deposits base. The growth momentum of CASA (Current and Savings Accounts) was continued throughout the year, with focused expansion of key products. As a result, the CASA base grew to Rs. 19,332 Mn by year end. The average CASA portfolio growth was 16% YoY while the CASA Mix of the Bank improved to 25%.

The Bank’s well executed strategic initiatives for fee income were continued throughout the year and produced a fee and commission income increase of Rs. 101 Mn which was a 10.5% growth YoY. This was mainly attributable to income generated from a significant increase in credit cards fees due to focused acquisition efforts, supported by an inflow of Bancassurance fees and guarantees’ income. Fee income was adversely affected by the drop in trade income due to the decline of imports and exports across the industry in 2019.

Net trading and other income was Rs. 686 Mn, and recorded a reduction of 14.2% over the previous year. The reduction was primarily due to the decrease in exchange gains. The Bank’s Treasury recorded a notable performance with a significant

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increase of 89.4% in capital gains which was reported as Rs. 446 Mn. Income from investments in units remained flat at Rs. 227 Mn. Other operating income declined by 96.2% on the back of rupee depreciation and a significant increase in the number of funding swaps entered into, during the year under review. The decline in trade volumes was attributable to adverse macro-economic conditions which also contributed to the overall decrease in trade income. The Bank has no trading equities and has not invested in any equity funds as at balance sheet date. The overall growth in core banking activities and the consistent financial performance which was mainly attributable to the increase of NII, led to a 13.9% growth in total operating income which was recorded as Rs. 6,021 Mn. Retail and SME segments increased their contribution to 51% of the total operating income during 2019.

Reflecting the macro-economic challenges, the Bank's non-performing loans (NPL) ratio increased to 5.03% in 2019 in tandem with the increase of NPL ratios within the banking industry. The SME banking segment showed the highest deterioration of NPL ratios during the year. Impairment charge for the year was Rs. 390 Mn - an increase of 14.0% YoY.

The operating expenses of the Bank was Rs. 3,830 Mn and was an increase of 2.7% YoY. Depreciation and amortisation and right-of-use asset coupled with other expenses increased by 2% YoY to Rs. 1,947 Mn. The Bank adopted SLFRS 16 "Leases" with effect from 1st January 2019. The comparative numbers have been calculated based on the previous Accounting standard LKAS 17. Accordingly, right-of-use asset have been recognised on the balance sheet and related amortisation have been considered under depreciation and amortisation instead of rent expenses charged under other expenses in 2018. Also, a portion has been recorded under interest expense as a finance cost of lease liability.

The Bank's cost to income ratio improved to 64% from 71% in 2018 and marked a major milestone for the Bank in 2019. The operating margin increased to Rs. 2,191 Mn, and recorded a growth of 41% YoY. This represented widened jaws due to an increase of revenue at a faster pace of 13.9% as against the increase in costs by 2.7%; which asserts effective revenue and cost management, thus reflecting a significant improvement in the productivity and operational efficiencies of the Bank.

Share of profit of equity accounted investees for the year was Rs. 104 Mn and was a growth of Rs. 69.2 Mn YoY. The Bank's subsidiary, UB Finance was the major contributor to this increase.

Profit for the year was Rs. 710 Mn compared to Rs. 473 Mn recorded in 2018 which was an impressive increase of 50.3% over the previous period. Other comprehensive Income for the year was Rs. 346 Mn which was a result of the impact on the valuation of investments in the government securities portfolio classified under financial investments at fair value through other comprehensive income. This was due to favourable market rate movements that prevailed during the year.

The Bank maintained a robust Capital Adequacy Ratio throughout the year reporting 16.75% core capital ratio as at year end.

The Group, consisting of the Bank and its two subsidiaries UB Finance Company Limited and National Asset Management Limited recorded Rs. 804 Mn in profit after all taxes which was a 50.4% growth YoY. Total assets of the group were reported as Rs. 129,840 Mn. The Bank accounts for 93.8% of the Balance Sheet of the Group and hence the Group performance is mainly propelled by the Bank.

Sustained business growth amidst challenges

The key business lines of the Bank continued to maintain growth in the year 2019 despite macro-economic challenges that continued to weigh down on the sector as a whole.

Corporate, SME and Retail Banking segments continued to propel the Bank's portfolio expansion with selective acquisition strategies deployed on focused client segments that were identified as strategically significant. Despite challenges in the macro-economy, the Treasury performed well in 2019, contributing to the Bank's revenue via significant capital gains and fee and commission income. Unfavourable market conditions had the greatest impact on the SME sector. Union Bank maintained its support to this sector with greater focus on their long-term funding requirements while managing the



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portfolio quality through sound risk management initiatives. In view of the challenges faced by Corporate and SME industries specially impacted by the Easter Sunday attacks, the Bank extended relief programmes and moratoriums towards the clients that were impacted to support and uphold their business operations during this difficult period. Corporate Banking recorded a very good performance through prudent management of portfolio yields, supported by new acquisitions and increased wallet share in identified segments. Union Bank BizDirect continued to be extended to the Bank's Corporate and SME clients, facilitating best-in-class cash management convenience. In recognition of its great strides in providing Cash Management excellence, Union Bank was awarded 'Best Cash Management Bank - Sri Lanka' title at the Global Business Outlook Awards 2019.

Retail Banking continued to support the Bank's credit growth through focused efforts on mortgaged backed loans and an aggressive drive on credit card acquisitions. Targeted initiatives conducted across the branches and within selected customer segments contributed to the Bank's CASA and deposits growth objectives. Union Bank's focus to increase customer convenience through technological enhancements was steadily furthered in 2019, with several initiatives implemented through alternate channels which includes the ATM network and digital banking platforms. The Bank's mobile banking application was further enhanced with added features and credit cards self-care services designed to provide an even better user experience. Union Bank unveiled a brand new corporate website in 2019 with a fresh outlook and improved features designed to support the Bank's envisioned digital presence. The new and improved website of Union Bank won the Gold award under the Finance Category at dotCoMM Awards 2019 based in the USA.

Several customer engagement initiatives were carried out during the year to effectively manage key client relationships. Amongst them, the 'CEO Breakfast Forum' was a key highlight where key clients across Retail, SME and Corporate segments were provided an opportunity to gain insights on the economic landscape at the time along with a platform for networking and relationship building. The Bank conducted several other events for clients and the investor community during the year under review.

Re-affirming its commitment to support the well-being of society with a focus on children and education, several corporate social responsibility projects were initiated at selected branch localities with the objective to improve the standards of disadvantaged schools and provide better learning environments to children attending these schools.

Commenting on Union Bank 2019 performance Director/ CEO Indrajit Wickramasinghe said, "I'm pleased to present Union Bank's strong performance during a challenging year. Amidst many macro-economic challenges, the Bank had improved its core banking growth with focus on interest income, portfolio realignment and prudent cost management, reporting a resultant rise in profits. Union Bank marks its 25th anniversary in 2020 – a significant milestone that indicates our successful journey of growth over the years. During the year 2020 the Bank's mid-term growth strategy will be furthered with a view to become a preferred banking partner to the target client segments served. We envision the business landscape to improve in the year 2020 and the Bank will continue to reinforce its Retail, Corporate, SME and Treasury businesses while capitalising on its clear competitive advantages to generate sustainable earnings. The focus on strategic growth segments, prudent portfolio expansion and inclusive banking approaches would pave the way for Union Bank's progress in the year 2020."

-Ends-

	BANK						GROUP					
	For the year ended			For the quarter ended			For the year ended			For the quarter ended		
	31.12.2019 Rs.000	31.12.2018 Rs.000	Change %	31.12.2019 Rs.000	31.12.2018 Rs.000	Change %	31.12.2019 Rs.000	31.12.2018 Rs.000	Change %	31.12.2019 Rs.000	31.12.2018 Rs.000	Change %
Gross Income	14,712,069	13,910,425	6	3,440,691	3,679,308	(6)	16,781,718	16,075,953	4	3,942,148	4,219,692	(7)
Interest income	12,956,243	12,142,268	7	3,015,916	3,215,261	(6)	14,875,016	14,120,894	5	3,479,339	3,712,178	(6)
Less: Interest expenses	8,477,329	8,490,006	(0)	2,003,484	2,287,835	(12)	9,641,012	9,655,390	(0)	2,278,042	2,588,611	(12)
Net interest income	4,478,914	3,652,262	23	1,012,432	927,426	9	5,234,004	4,465,504	17	1,201,297	1,123,568	7
Fee and commission income	1,069,370	968,008	10	285,273	269,774	6	1,182,771	1,120,153	6	314,236	303,721	3
Less: Fee and commission expenses	214,146	135,158	58	53,746	37,169	45	224,552	162,578	38	56,457	43,450	30
Net fee and commission income	855,224	832,850	3	231,527	232,605	(0)	958,219	957,575	0	257,779	260,271	(1)
Net fair value gains / (losses) from financial instruments at fair value through profit or loss	350,771	309,519	13	71,838	82,746	(13)	354,893	309,519	15	72,975	82,746	(12)
Net gains/ (losses) from financial investments	323,660	173,026	87	58,464	(2,982)	(2061)	324,186	174,559	86	58,486	(4,481)	1405
Net gain/ (loss) from financial instruments designated at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-
Other operating income	12,025	317,604	(96)	9,200	114,509	(92)	44,852	350,828	(87)	17,112	125,528	(86)
Total operating income	6,020,594	5,285,261	14	1,383,461	1,354,305	2	6,916,154	6,257,985	11	1,607,649	1,587,632	1
Less: Impairment for loans and other losses												
Loans and advances to customers	393,698	305,407	29	37,669	91,445	(59)	546,996	543,403	1	78,308	203,745	(62)
Other financial assets	(5,131)	3,150	(263)	(949)	3,150	(130)	(4,160)	4,480	(193)	(1,070)	4,480	(124)
Non financial assets	1,727	33,725	(95)	(749)	33,725	-102.22	37,452	28,456	32	3,807	28,456	(87)
Net operating income	5,630,300	4,942,979	14	1,347,489	1,225,984	10	6,335,866	5,681,646	12	1,526,604	1,350,951	13
Less: Personnel expenses	1,883,326	1,821,782	3	483,815	467,068	4	2,128,124	2,058,923	3	528,635	508,376	4
Depreciation and amortisation	636,879	382,573	66	356,012	72,162	393	699,264	415,895	68	386,989	87,016	345
Other expenses	1,309,790	1,525,120	(14)	30,532	346,924	(91)	1,525,600	1,791,648	(15)	74,061	430,058	(83)
Total operating expenses	3,829,995	3,729,475	3	870,359	886,156	(2)	4,352,988	4,266,466	2	989,685	1,025,451	(3)
Results from operating activities	1,800,305	1,213,504	48	477,131	339,830	40	1,982,878	1,415,180	40	536,919	325,500	65
Share of profit of equity accounted investees, net of tax	103,823	34,614	200	5,490	(12,990)	(142)	-	-	-	-	-	-
Profit before value added tax (VAT), nation building tax (NBT) and debt repayment levy (DRL) on financial services	1,904,128	1,248,118	53	482,621	326,840	48	1,982,878	1,415,180	40	536,919	325,500	65
Less: VAT, NBT and DRL on financial services	712,527	470,724	51	174,838	149,581	17	781,623	521,775	50	193,308	157,309	23
Profit before tax	1,191,601	777,394	53	307,783	177,259	74	1,201,255	893,405	34	343,611	168,191	104
Less: Tax expenses	481,254	304,846	58	130,046	94,541	38	397,037	358,755	11	145,341	79,974	82
Profit after tax	710,347	472,548	50	177,737	82,718	115	804,218	534,650	50	198,270	88,217	125
Profit Attributable to:												
Equity holders of the parent	710,347	472,548	50	177,737	82,718	115	765,133	517,750	48	196,442	93,028	111
Non-controlling interest	-	-	-	-	-	-	39,085	16,900	131	1,828	(4,811)	138
Profit after tax	710,347	472,548	50	177,737	82,718	115	804,218	534,650	50	198,270	88,217	125

Earnings per share

Earnings per share - Basic (Rs.)	0.65	0.43	51	0.16	0.08	115	0.70	0.47	48	0.18	0.09	112
Earnings per share - Diluted (Rs.)	0.65	0.43	51	0.16	0.08	115	0.70	0.47	48	0.18	0.08	112

	BANK						GROUP					
	For the year ended			For the quarter ended			For the year ended			For the quarter ended		
	31.12.2019 Rs.'000	31.12.2018 Rs.'000	Change %	31.12.2019 Rs.'000	31.12.2018 Rs.'000	Change %	31.12.2019 Rs.'000	31.12.2018 Rs.'000	Change %	31.12.2019 Rs.'000	31.12.2018 Rs.'000	Change %
Profit for the year	710,347	472,548	50	177,737	82,718	115	804,218	534,650	50	198,270	88,217	125
Other comprehensive income to be reclassified to profit or loss in subsequent periods:												
<i>Debt instruments at fair value through other comprehensive income</i>												
Net change in fair value during the year	493,806	(641,058)	177	26,915	(405,460)	107	493,806	(641,058)	177	29,710	(396,609)	107
Changes in allowance for expected credit loss	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification to the income statement												
Less: Income tax effect on above	(138,266)	179,497	(177)	(7,537)	181,173	(104)	(138,266)	179,497	(177)	(7,537)	179,497	(104)
Total items that will be reclassified to the statement of profit or loss	355,540	(461,561)	177	19,378	(224,288)	109	355,540	(461,561)	177	22,173	(217,112)	110
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:												
Actuarial gains and losses on defined benefit plans	(13,243)	(9,051)	(46)	(13,243)	(9,051)	(46)	(11,775)	(3,724)	(216)	(11,775)	(9,102)	(29)
Revaluation gains/ (losses) on equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	(1,175)	(28,650)	96	(1,175)	(28,650)	96
Less: Income tax effect on above	3,708	2,534	46	3,708	2,534	46	3,297	1,041	217	3,297	2,547	29
Share of other comprehensive income of equity accounted investees, net of tax	159	(11,805)	101	1,584	(11,805)	113	-	-	-	-	-	-
Total items that will not be reclassified to the statement of profit or loss	(9,376)	(18,322)	49	(7,951)	(18,322)	57	(9,653)	(31,333)	69	(9,653)	(35,206)	73
Other comprehensive income for the year, net of tax	346,164	(479,883)	172	11,427	(242,610)	105	345,887	(492,894)	170	12,520	(252,318)	105
Total comprehensive income for the year, net of tax	1,056,511	(7,335)	14504	189,164	(159,892)	218	1,150,105	41,756	2,654	210,790	(164,100)	228
Attributable to:												
Equity holders of the parent	1,056,511	(7,335)	14,504	189,164	(159,892)	218	1,111,297	37,867	2,835	207,870	(149,582)	239
Non-controlling interest	-	-	-	-	-	-	38,808	3,889	898	2,920	(14,518)	120
Total comprehensive income for the year, net of taxes	1,056,511	(7,335)	14504	189,164	(159,892)	218	1,150,105	41,756	2,654	210,790	(164,100)	228

INTERIM FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	BANK			GROUP		
	31.12.2019 Rs.'000	31.12.2018 Rs.'000	Change %	31.12.2019 Rs.'000	31.12.2018 Rs.'000	Change %
Assets						
Cash and cash equivalents	2,718,860	2,917,866	(7)	3,104,542	3,306,393	(6)
Balances with Central Bank of Sri Lanka	2,314,197	4,219,932	(45)	2,314,197	4,219,932	(45)
Placements with banks	94,257	3,265,425	(97)	94,257	3,265,425	(97)
Reverse repurchased agreements	426,823	417,146	2	1,009,581	950,998	6
Derivative financial instruments	6,230	34,274	(82)	6,230	34,274	(82)
Financial investments at fair value through profit or loss						
	3,228,565	2,863,121	13	3,270,208	2,863,121	14
Financial investments designated at fair value through profit or loss	-	-	-	-	-	-
Financial assets at amortised cost - loans and advances to customers	77,358,301	73,749,208	5	84,780,138	82,120,068	3
Financial assets at amortised cost - debt and other instruments	13,441,040	16,567,940	(19)	12,670,558	15,942,404	(21)
Financial investments at fair value through other comprehensive income	17,503,245	17,735,959	(1)	17,516,485	17,787,621	(2)
Current tax assets	1,148	336,167	(100)	1,148	336,167	(100)
Investments in real estate	-	-	-	112,563	118,633	(5)
Investments in subsidiaries	912,268	835,373	9	-	-	-
Goodwill and intangible assets	1,329,791	1,202,532	11	1,678,668	1,550,544	8
Property, plant and equipment and Right of use assets	1,482,366	789,158	88	1,741,074	1,013,541	72
Deferred tax assets	-	115,596	(100)	497,620	517,374	(4)
Other assets	936,568	870,457	8	1,042,696	1,005,213	4
Total assets	121,753,659	125,920,154	(3)	129,839,965	135,031,708	(4)
Liabilities						
Due to banks	11,475,176	9,348,209	23	11,601,966	9,515,547	22
Derivative financial instruments	4,515	71,750	(94)	4,515	71,750	(94)
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-
Repurchased agreements	12,116,040	17,585,912	(31)	12,116,040	17,535,900	(31)
Due to other customers	76,532,012	79,251,073	(3)	82,751,668	86,266,123	(4)
Other borrowed funds	1,242,450	1,234,220	1	2,514,058	2,921,647	(14)
Debt securities issued	-	-	-	-	-	-
Subordinated term debts	-	-	-	-	-	-
Current tax liabilities	-	-	-	197,957	188,001	5
Deferred tax liabilities	62,299	-	100	63,062	1,436	4293
Other Provisions	-	-	-	-	-	-
Other liabilities	2,810,711	1,801,642	56	3,151,428	2,058,270	53
Total liabilities	104,243,203	109,292,806	(5)	112,400,694	118,558,674	(5)

INTERIM FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	BANK			GROUP		
	31.12.2019 Rs.'000	31.12.2018 Rs.'000	Change %	31.12.2019 Rs.'000	31.12.2018 Rs.'000	Change %
Equity						
Stated capital	16,334,782	16,334,782	0	16,334,782	16,334,782	0
Share warrants	65,484	65,484	(0)	65,484	65,484	(0)
Statutory reserve fund	175,400	139,883	25	200,020	157,569	27
ESOP reserve	51,426	52,816	(3)	51,426	52,816	(3)
FVOCI reserve	44,549	(310,991)	114	56,785	(306,184)	119
Retained earnings	838,815	345,374	143	490,129	(43,734)	1221
Total equity attributable to equity holders of the bank	17,510,456	16,627,348	5	17,198,626	16,260,733	6
Non-controlling interests	-	-		240,645	212,301	13
Total equity	17,510,456	16,627,348	5	17,439,271	16,473,034	6
Total equity and liabilities	121,753,659	125,920,154	(3)	129,839,965	135,031,708	(4)
Contingent liabilities and commitments	32,014,254	34,337,204	(7)	32,104,191	34,528,827	(7)
Net asset value per share (Rs.)	16.16	15.23		15.87	14.90	
Memorandum information						
Number of Employees	1,344	1,266				
Number of Branches	67	67				

CERTIFICATION:

We, the undersigned, being the Deputy Chairman, Director/ Chief Executive Officer and Acting Head of Finance of Union Bank of Colombo PLC 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 financial statements of the Bank and the Group unless indicated as unaudited.

Sgd.

Ayesha Naotunna
Acting Head of Finance

Sgd.

Indrajit Wickramasinghe
Director/ Chief Executive Officer

Sgd.

Priyantha Fernando
Deputy Chairman

Date: 26 February 2020

INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

BANK	Stated Capital	Share Warrants	Statutory Reserve Fund	ESOP Reserve	Available for sale Reserve	Fair value through OCI Reserve	Retained Earnings	Total Equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 31 December 2017	16,334,782	65,484	116,256	35,848	150,570	-	1,154,757	17,857,697
Transitional adjustment on the implementation of SLFRS 9								
- Bank	-	-	-	-	(150,570)	150,570	(952,085)	(952,085)
- Subsidiaries	-	-	-	-	-	-	(403,355)	(403,355)
Deferred tax on transitional adjustment	-	-	-	-	-	-	224,599	224,599
Restated opening balance as at 1 January 2018 under SLFRS 9	16,334,782	65,484	116,256	35,848	-	150,570	23,916	16,726,856
Total comprehensive income for the year								
Net profit for the year	-	-	-	-	-	-	472,548	472,548
Other comprehensive Income	-	-	-	-	-	(461,561)	(18,322)	(479,883)
Total comprehensive Income	-	-	-	-	-	(461,561)	454,226	(7,335)
Transactions with equity holders, recognised directly in equity								
Fair value of ESOP	-	-	-	16,968	-	-	-	16,968
Dividends to equity holders	-	-	-	-	-	-	(109,141)	(109,141)
Transfers during the year	-	-	23,627	-	-	-	(23,627)	-
Balance as at 31 December 2018	16,334,782	65,484	139,883	52,816	-	(310,991)	345,374	16,627,348
Transitional adjustment on the implementation of SLFRS 16								
- Bank	-	-	-	-	-	-	(31,435)	(31,435)
- Subsidiaries	-	-	-	-	-	-	(26,663)	(26,663)
Deferred tax on transitional adjustments	-	-	-	-	-	-	11,883	11,883
Restated opening balance as at 1 January 2019 under SLFRS 16	16,334,782	65,484	139,883	52,816	-	(310,991)	299,159	16,581,132
Total comprehensive income for the year								
Net profit for the year	-	-	-	-	-	-	710,347	710,347
Other comprehensive income	-	-	-	-	-	355,540	(9,376)	346,164
Total comprehensive Income	-	-	-	-	-	355,540	700,971	1,056,511
Transactions with equity holders, recognised directly in equity								
Repurchase of shares	-	-	-	-	-	-	(125,798)	(125,798)
Fair value of ESOP	-	-	-	(1,390)	-	-	-	(1,390)
Transfers during the year	-	-	35,517	-	-	-	(35,517)	-
Balance as at 31 December 2019	16,334,782	65,484	175,400	51,426	-	44,549	838,815	17,510,456

INTERIM FINANCIAL STATEMENTS
STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

GROUP	Stated Capital	Share Warrants	Statutory Reserve Fund	ESOP Reserve	Available for sale Reserve	Fair value through OCI Reserve	Retained Earnings	Total Equity	Non-controlling Interest	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 31 December 2017	16,334,782	65,484	131,519	35,848	155,377	-	714,444	17,437,454	404,262	17,841,716
Transitional adjustment on the implementation of SLFRS 9	-	-	-	-	(155,377)	155,377	(1,347,014)	(1,347,014)	(146,850)	(1,493,864)
Deferred tax on transitional adjustment	-	-	-	-	-	-	224,599	224,599	-	224,599
Restated opening balance as at 1 January 2018 under SLFRS 9	16,334,782	65,484	131,519	35,848	-	155,377	(407,971)	16,315,039	257,412	16,572,451
Total comprehensive income for the year										
Net profit for the year	-	-	-	-	-	-	517,750	517,750	16,900	534,650
Other comprehensive income	-	-	-	-	-	(461,561)	(18,322)	(479,883)	(13,011)	(492,894)
Total comprehensive Income	-	-	-	-	-	(461,561)	499,428	37,867	3,889	41,756
Transactions with equity holders, recognised directly in equity										
Fair value of ESOP	-	-	-	16,968	-	-	-	16,968	-	16,968
Transfers during the year	-	-	26,050	-	-	-	(26,050)	-	-	-
Dividends paid	-	-	-	-	-	-	(109,141)	(109,141)	(49,000)	(158,141)
Balance as at 31 December 2018	16,334,782	65,484	157,569	52,816	-	(306,184)	(43,734)	16,260,733	212,301	16,473,034
Transitional adjustment on the implementation of SLFRS 16	-	-	-	-	-	-	(58,204)	(58,204)	(10,564)	(68,768)
Deferred tax on transitional adjustments	-	-	-	-	-	-	11,988	11,988	100	12,088
Restated opening balance as at 1 January 2019 under SLFRS 16	16,334,782	65,484	157,569	52,816	-	(306,184)	(89,950)	16,214,517	201,837	16,416,354
Total comprehensive income for the year										
Net profit for the year	-	-	-	-	-	-	765,133	765,133	39,085	804,218
Other comprehensive income	-	-	-	-	-	355,540	(9,376)	346,164	(277)	345,887
Total comprehensive Income	-	-	-	-	-	355,540	755,757	1,111,297	38,808	1,150,105
Transactions with equity holders, recognised directly in equity										
Repurchase of Shares	-	-	-	-	-	-	(125,798)	(125,798)	-	(125,798)
Fair value of ESOP	-	-	-	(1,390)	-	-	-	(1,390)	-	(1,390)
Transfers during the year	-	-	42,451	-	-	-	(42,451)	-	-	-
Transfer of realized loss on share disposal	-	-	-	-	-	7,429	(7,429)	-	-	-
Balance as at 31 December 2019	16,334,782	65,484	200,020	51,426	-	56,785	490,129	17,198,626	240,645	17,439,271

INTERIM FINANCIAL STATEMENTS
STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	BANK		GROUP	
	31.12.2019 Rs.'000	31.12.2018 Rs.'000	31.12.2019 Rs.'000	31.12.2018 Rs.'000
Cash flow from operating activities				
Interest receipts	12,891,606	11,889,016	14,714,098	13,703,475
Fee and commission receipts	855,224	832,850	958,219	957,575
Interest payments	(8,363,755)	(8,055,095)	(9,311,792)	(9,164,848)
Receipts from other operating activities	699,669	1,393,556	507,018	1,584,492
Payments on other operating activities	(4,141,374)	(3,750,393)	(4,582,527)	(4,299,259)
Operating profit before changes in operating assets & liabilities	1,941,370	2,309,934	2,285,016	2,781,435
(Increase)/decrease in operating assets:				
Balances with Central Bank of Sri Lanka	1,905,735	(434,253)	1,905,735	(434,253)
Financial assets at amortised cost - loans and advances to customers	(3,922,185)	(4,278,727)	(3,153,986)	(4,709,728)
Others	(38,066)	(43,274)	203,864	(60,246)
	(2,054,516)	(4,756,254)	(1,044,387)	(5,204,227)
Increase /(decrease) in operating liabilities:				
Due to banks	70,939	(127,214)	70,939	(127,214)
Due to customers	(2,742,477)	8,423,480	(3,697,400)	9,024,538
Repurchased agreements	(5,444,447)	7,227,481	(5,394,435)	7,340,608
Others	165,068	(181,971)	27,601	(414,073)
	(7,950,917)	15,341,776	(8,993,395)	15,823,859
Net cash from/(used in) operating activities before income tax	(8,064,063)	12,895,457	(7,752,767)	13,401,067
Retirement benefit obligation paid	(17,001)	(18,836)	(17,795)	(23,694)
Income tax paid	(91,103)	(27,420)	(112,763)	(37,722)
Net cash from operating activities	(8,172,167)	12,849,201	(7,883,325)	13,339,651
Cash flow from/(used in) investing activities				
Dividends received	935	46,732	1,461	2,303
Financial investments at fair value through profit or loss	(384,363)	3,100,762	(421,995)	3,100,762
Financial investments at fair value through other comprehensive income	646,087	(1,946,055)	684,510	(1,846,163)
Financial assets at amortised cost - debt and other instruments	3,141,765	(4,295,962)	3,419,747	(4,482,627)
Purchase of property, plant & equipment	(181,752)	(143,050)	(193,829)	(231,317)
Purchase of intangible assets	(306,781)	(62,336)	(314,658)	(65,454)
Proceeds from Sale of property, plant & equipment	14,718	13,381	24,021	16,284
Net cash flow/(used in) investing activities	2,930,609	(3,286,528)	3,199,257	(3,506,212)
Cash flow from/(used in) financing activities				
Proceeds from shares	(125,799)	-	(125,799)	-
Increase/decrease in borrowings	2,094,958	(8,353,520)	763,645	(8,633,418)
Dividend paid	-	(109,141)	-	(158,141)
Net cash flow from/(used in) financing activities	1,969,159	(8,462,661)	637,846	(8,791,559)
Net increase/(decrease) in cash and cash equivalents	(3,272,399)	1,100,012	(4,046,222)	1,041,879
Cash and cash equivalents at beginning of the year	6,325,430	5,225,418	7,081,221	6,039,341
Cash and cash equivalents at end of the year	3,053,031	6,325,430	3,034,999	7,081,220
Reconciliation of cash and cash equivalents				
Cash in hand and at banks	2,718,860	2,917,866	3,104,542	3,306,393
Placements with banks	94,257	3,265,382	94,257	3,266,132
Due to banks - Unfavourable balances with banks	(186,814)	(274,669)	(1,173,285)	(442,007)
Reverse repurchased agreements	426,728	416,851	1,009,485	950,702
Total cash and cash equivalents at end of the year	3,053,031	6,325,430	3,034,999	7,081,220

STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

Reconciliation of liabilities arising from financing activities

For the year ended 31 December 2019	Cash change		Non cash change	
	31 Dec 2019 Rs.'000	- Cash flow Rs.'000	- Foreign exchange movement Rs.'000	1 Jan 2019 Rs.'000
BANK				
Due to banks	10,997,784	2,043,819	12,208	8,941,756
Other borrowed funds	1,242,450	8,230	-	1,234,220
Less : Unfavorable balances with banks	(186,814)	87,855	-	(274,669)
Less : Interest payable	(145,084)	(44,947)	-	(100,137)
	11,908,336	2,094,958	12,208	9,801,170
GROUP				
Due to banks	11,124,574	2,003,272	12,208	9,109,094
Other borrowed funds	2,514,058	(407,589)	-	2,921,647
Less : Unfavorable balances with banks	(1,173,285)	(731,278)	-	(442,007)
Less : Interest payable	(304,677)	(100,760)	-	(203,917)
	12,160,670	763,645	12,208	11,384,817
For the year ended 31 December 2018	31 Dec 2018 Rs.'000	Cash change - Cash flow Rs.'000	Non cash change - Foreign exchange movement Rs.'000	1 Jan 2018 Rs.'000
BANK				
Due to banks	8,941,756	(8,388,448)	121,563	17,208,641
Other borrowed funds	1,234,220	9,408	-	1,224,812
Less : Unfavorable balances with banks	(274,669)	(84,462)	-	(190,207)
Less : Interest payable	(34,480)	109,982	-	(144,462)
	9,866,827	(8,353,520)	121,563	18,098,784
GROUP				
Due to banks	9,109,094	(8,311,196)	121,563	17,298,727
Other borrowed funds	2,921,647	(46,586)	-	2,968,233
Less : Unfavorable balances with banks	(442,007)	(255,939)	-	(186,068)
Less : Interest payable	(203,917)	(19,697)	-	(184,220)
	11,384,817	(8,633,418)	121,563	19,896,672

- 1 There are no changes to the accounting policies and methods of computation since the publication of annual accounts for the year 2019.

The Bank prepared the Annual Financial Statements for the year ended December 31, 2019 based on SLFRS 16. The comparative information for 2018 is reported under LKAS 17 and is not comparable to the information presented for 2019. The impact of adopting SLFRS 16 at transition date, January 1, 2019 on the Statement of Financial Position and changes in equity are given in Note 7.

- 2 There are no material changes during the year in the composition of assets, liabilities and contingent liabilities. All known expenditure items have been provided for.
- 3 These Interim financial statements are presented in accordance with LKAS 34 - "Interim Financial Reporting" and provide the information as required in terms of Rule 7.4 of the Colombo Stock Exchange.
- 4 The Group financial statements comprise a consolidation of the financial statements of the Bank and its subsidiaries, National Asset Management Limited & UB Finance Company Limited and the Special Purpose Entity, Serandib Capital (Private) Limited.
- 5 No material events have been taken place subsequent to the reporting period that require disclosures or/ and adjustment in the Financial Statements other than stated below;
- 5.1 The Board of Directors of the Bank has recommended the payment of a final dividend of Rs.0.14 per share for the year ended 31 December 2019, a distribution of approximately Rs.151,698,167.
- 5.2 New amendments to Income Tax Law announced by the government - Corporate income tax rate to be reduced to 24%
The cabinet has approved to reduce the Banking sector income tax rate to 24% from 28% with effect from 1 January 2020 which is yet to be approved by the parliament. Accordingly the Group continued to calculate the deferred tax assets/ (liabilities) using 28% tax rate.

- 6 Information on Ordinary Shares

Market Value	31.12.2019	31.12.2018
	Rs.	Rs.
Last traded price	13.30	11.00
Highest price for the quarter	13.80	12.90
Lowest price for the quarter	12.30	10.70

7. TRANSITION DISCLOSURES

The following disclosure set out the impact of adopting SLFRS 16 on the statement of financial position and retained earnings:

BANK - Rs.'000

As at 1 January 2019	Ref.	LKAS 17 Amount	Re-classification	Re-measurement	SLFRS 16 Amount
Assets					
Property, plant and equipment and Right of use assets		789,158	191,487	743,019	1,723,664
Investments in subsidiaries		835,373	-	(26,663)	808,710
Net deferred tax assets/ (liabilities)		115,597	-	11,883	127,480
Other assets	A	870,457	(191,487)	-	678,970
Liabilities					
Other liabilities	B	1,801,642	-	785,460	2,587,102
Equity					
Retained earnings		345,374	-	(46,215)	299,159
- Bank		-	-	(19,552)	
- Subsidiaries		-	-	(26,663)	

GROUP - Rs.'000

As at 1 January 2019	Ref.	LKAS 17 Amount	Re-classification	Re-measurement	SLFRS 16 Amount
Assets					
Property, plant and equipment and Right of use assets		1,013,541	196,818	822,024	2,032,384
Net deferred tax assets/ (liabilities)		515,938	-	11,988	527,925
Other assets	A	1,005,213	(196,818)	-	808,395
Liabilities					
Other liabilities	B	2,058,270	-	913,521	2,971,791
Equity					
Retained earnings		(43,734)	-	(46,216)	(89,950)
Non-controlling interests		212,301	-	(10,464)	201,837

A : Prepayments recognised under other assets have been reclassified to Right of use assets.

B : Lease liability has been recognised under other liabilities.

When measuring lease liabilities for leases that were classified as operating leases, the Company discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate of incremental borrowing applied for the computation is in the range of 11% - 12%.

The Bank has entered into leasing agreements for business operations (Head office and Branch network), ATM premises and vehicle hiring. These leases have an average life of five years.

8. ANALYSIS OF LOANS & ADVANCES TO CUSTOMERS AND IMPAIRMENT

8.1 Product-wise Gross Loans & Advances

	BANK		GROUP	
	31.12.2019 Rs.'000	31.12.2018 Rs.'000	31.12.2019 Rs.'000	31.12.2018 Rs.'000
Term loans	45,721,780	41,034,410	47,516,351	42,729,945
Overdrafts	11,162,693	11,904,826	11,069,823	11,851,545
Trade finance	4,949,846	5,908,911	4,949,846	5,908,911
Lease and hire purchase	708,997	1,192,136	5,340,896	7,199,578
Factoring	477,161	725,547	1,920,315	2,543,911
Pawning	369,592	459,792	369,593	508,288
Credit Cards	1,176,806	243,428	1,176,806	243,428
Staff loans	902,113	854,000	902,113	854,000
Others	-	-	305,149	148,950
By Product - Local Currency	65,468,988	62,323,050	73,550,892	71,988,556
Term loans	5,573,725	5,982,306	5,573,725	5,982,306
Overdrafts	71,432	133,632	71,432	133,632
Trade finance	8,201,898	7,348,048	8,201,898	7,348,048
By Product - Foreign Currency	13,847,055	13,463,985	13,847,055	13,463,985
Total Loans and Receivables	79,316,043	75,787,035	87,397,947	85,452,541

8.2 Stage-wise impairment on loans & advances to customers

	BANK		GROUP	
	31.12.2019 Rs.'000	31.12.2018 Rs.'000	31.12.2019 Rs.'000	31.12.2018 Rs.'000
Gross loans and advances (Note 8.1)	79,316,043	75,787,035	87,397,947	85,452,541
Less: Accumulated impairment under stage 1	(397,970)	(605,502)	(463,481)	(666,168)
Accumulated impairment under stage 2	(57,832)	(89,109)	(139,319)	(187,695)
Accumulated impairment under stage 3	(1,501,940)	(1,343,216)	(2,015,009)	(2,478,610)
Net value of loans and advances	77,358,301	73,749,208	84,780,138	82,120,068

8.3 Movement of impairment during the year for Loans and Advances to customers

	Stage 1	Stage 2	Stage 3	Total
BANK				
Opening balance as at 1 January 2019	605,502	89,109	1,343,216	2,037,827
Charge to statement of profit or loss	(207,832)	(29,968)	639,319	393,698
Net write-off during the year	(270)	(1,309)	(472,204)	(473,783)
Closing Balance as at 31 December 2019	397,970	57,832	1,501,940	1,957,742
GROUP				
Opening balance as at 1 January 2019	666,168	187,695	2,478,610	3,332,473
Charge to statement of profit or loss	(202,417)	(47,067)	796,480	546,996
Net write-off during the year	(270)	(1,309)	(1,260,081)	(1,261,660)
Closing Balance as at 31 December 2019	463,481	139,319	2,015,009	2,617,809
BANK				
Opening balance as at 1 January 2018	659,080	40,224	1,082,118	1,781,422
Charge to statement of profit or loss	(53,456)	48,885	309,978	305,407
Net write-off during the year	(122)	-	(48,880)	(49,002)
Closing Balance as at 31 December 2018	605,502	89,109	1,343,216	2,037,827
GROUP				
Opening balance as at 1 January 2018	715,492	122,434	2,000,144	2,838,070
Charge to statement of profit or loss	(49,202)	65,261	527,344	543,403
Net write-off during the year	(122)	-	(48,878)	(49,000)
Closing Balance as at 31 December 2018	666,168	187,695	2,478,610	3,332,473

9. DUE TO OTHER CUSTOMERS

	BANK		GROUP	
	31.12.2019 Rs.'000	31.12.2018 Rs.'000	31.12.2019 Rs.'000	31.12.2018 Rs.'000
Local Currency Deposits				
Demand deposits	3,452,248	3,634,418	3,451,798	3,634,287
Savings deposits	11,585,257	11,784,873	11,374,106	11,723,271
Fixed deposits	46,368,000	49,275,332	52,799,257	56,352,115
Other deposits	2,433,580	2,483,518	2,433,580	2,483,518
Total	63,839,085	67,178,141	70,058,741	74,193,191
Foreign Currency Deposits				
Demand deposits	411,630	408,737	411,630	408,737
Savings deposits	3,883,343	2,891,468	3,883,343	2,891,468
Fixed deposits	8,397,954	8,772,727	8,397,954	8,772,727
Total	12,692,927	12,072,932	12,692,927	12,072,932
Total Deposits	76,532,012	79,251,073	82,751,668	86,266,123

10. ANALYSIS OF COMMITMENTS, CONTINGENCIES AND IMPAIRMENT

10.1 Product-wise Commitments and Contingencies

	BANK		GROUP	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Undrawn loan commitments	10,356,996	8,909,109	10,446,934	9,006,300
Guarantees	5,288,602	6,916,823	5,288,602	6,916,823
Letters of credit	21,382	36,516	21,382	36,516
Forward contracts	1,805,082	1,390,760	1,805,082	1,390,760
Cheque pending for realisation	503,543	887,413	503,543	887,413
Spot contracts	544,860	-	544,860	-
Forward Bonds	931,760	-	931,760	-
Other contingent items	800,812	1,834,905	800,812	1,929,337
By Product - Local Currency	20,253,037	19,975,526	20,342,975	20,167,149
Undrawn loan commitments	2,529,949	4,647,081	2,529,949	4,647,081
Guarantees	4,257,179	1,131,188	4,257,179	1,131,188
Letters of credit	1,660,442	1,924,537	1,660,442	1,924,537
Forward contracts	758,594	4,350,969	758,594	4,350,969
Spot contracts	1,106,164	540,168	1,106,164	540,168
Acceptances	952,060	758,373	952,060	758,373
Other contingent items	496,828	1,009,362	496,828	1,009,362
By Product - Foreign Currency	11,761,217	14,361,678	11,761,216	14,361,678
Commitments and Contingencies	32,014,254	34,337,204	32,104,191	34,528,827

10.2 Stage-wise impairment on commitment and contingencies

	BANK		GROUP	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Gross Commitments and Contingencies (Note 10.1)	32,014,254	34,337,204	32,104,191	34,528,827
Less: Accumulated impairment under stage 1	(72,786)	(42,049)	(72,785)	(43,089)
Accumulated impairment under stage 2	(4,103)	(2,873)	(4,103)	(3,300)
Accumulated impairment under stage 3	(4,697)	(35,360)	(57,848)	(52,818)
Net value of commitments and contingencies	31,932,668	34,256,922	31,969,455	34,429,620

10.3 Movement of impairment during the year for Commitments & Contingencies

	Stage 1	Stage 2	Stage 3	Total
BANK				
Opening balance as at 1 January 2019	42,049	2,873	35,360	80,282
Charge to statement of profit or loss	30,737	1,230	(30,663)	1,304
Net write-off during the year	-	-	-	-
Closing Balance as at 31 December 2019	72,786	4,103	4,697	81,586
GROUP				
Opening balance as at 1 January 2019	43,088	3,300	52,819	99,207
Charge to statement of profit or loss	29,697	803	5,029	35,529
Net write-off during the year	-	-	-	-
Closing Balance as at 31 December 2019	72,785	4,103	57,848	134,736
BANK				
Opening balance as at 1 January 2018	21,816	343	25,129	47,288
Charge to statement of profit or loss	20,233	2,530	10,231	32,994
Net write-off during the year	-	-	-	-
Closing Balance as at 31 December 2018	42,049	2,873	35,360	80,282
GROUP				
Opening balance as at 1 January 2018	21,815	343	25,129	47,288
Charge to statement of profit or loss	21,273	2,956	27,690	51,919
Net write-off during the year	-	-	-	-
Closing Balance as at 31 December 2018	43,088	3,300	52,819	99,207

SEGMENT INFORMATION

	Corporate		Treasury		SME		Retail		Other Group Companies		Total	
	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000	2019 Rs.'000	2018 Rs.'000
Interest income	4,394,644	4,101,481	1,492,809	1,262,498	3,581,624	3,531,927	3,259,971	3,061,133	2,144,262	2,163,855	14,873,310	14,120,894
Inter-segment interest income	-	-	1,144,840	1,557,741	-	-	2,569,327	2,665,441	-	-	3,714,167	4,223,182
Total interest income	4,394,644	4,101,481	2,637,649	2,820,239	3,581,624	3,531,927	5,829,298	5,726,574	2,144,262	2,163,855	18,587,477	18,344,076
Interest expense	1,051,856	1,086,651	1,379,196	1,739,355	1,580,768	1,029,809	4,509,888	4,634,936	1,117,598	1,164,641	9,639,306	9,655,390
Inter-segment interest expense	2,544,251	2,437,619	-	-	1,169,916	1,785,563	-	-	-	-	3,714,167	4,223,501
Total interest expense	3,596,107	3,524,270	1,379,196	1,739,355	2,750,684	2,815,371	4,509,888	4,634,936	1,117,598	1,164,641	13,353,473	13,878,572
Net interest income	798,537	577,211	1,258,453	1,080,884	830,940	716,556	1,319,410	1,091,638	1,026,664	999,215	5,234,004	4,465,504
Total other income	222,153	213,754	628,214	757,283	364,831	446,305	338,947	268,814	128,006	106,326	1,682,150	1,792,482
Total net income	1,020,690	790,965	1,886,667	1,838,167	1,195,771	1,162,861	1,658,357	1,360,452	1,154,670	1,105,541	6,916,154	6,257,985
Less :												
Impairment	1,311	41,073	(3,760)	-	297,294	390,439	111,239	10,950	174,204	133,877	580,288	576,339
Depreciation & amortisation	77,134	10,153	75,363	55,955	144,239	91,501	340,144	222,218	62,384	36,069	699,264	415,895
Other expenses	282,660	334,490	268,686	464,622	870,376	926,047	1,776,091	1,676,082	455,911	449,329	3,653,724	3,850,571
Segmental results	659,585	405,248	1,546,379	1,317,589	(116,138)	(245,125)	(569,117)	(548,797)	462,169	486,265	1,982,878	1,415,180
Less: VAT,NBT and DRL on financial services											781,623	521,775
Less: Tax expense											397,037	358,755
Profit after tax											804,218	534,650
Other information												
Segment assets	37,033,000	35,406,353	30,869,747	37,210,326	25,012,776	25,384,702	15,972,000	14,460,465	15,973,870	18,128,094	124,861,393	130,589,940
Unallocated assets											4,978,572	4,441,768
Consolidated total assets											129,839,965	135,031,708
Segment liabilities	13,560,000	13,715,836	24,005,000	27,340,775	10,774,379	11,540,011	50,087,000	52,078,882	10,544,505	11,635,474	108,970,885	116,310,978
Unallocated liabilities											3,429,809	2,247,696
Consolidated total liabilities											112,400,694	118,558,674
Cash flow from operating activities	(3,768,941)	5,201,723	(6,966,602)	12,088,573	(4,415,437)	7,647,478	(6,123,555)	8,946,923	13,391,210	(20,545,046)	(7,883,325)	13,339,651
Cash flow from investing activities	(218,193)	(77,729)	3,001,111	(3,275,162)	(255,621)	(114,276)	(354,508)	(133,693)	1,026,468	94,648	3,199,257	(3,506,212)
Cash flow from financing activities	-	-	2,107,167	(8,462,660)	-	-	-	-	(1,469,320)	(328,899)	637,847	(8,791,559)

INTERIM FINANCIAL STATEMENTS

INFORMATION ON ORDINARY SHARES OF THE BANK

As at 31st December 2019

TOP 20 SHAREHOLDERS

Name	No. of shares as at 31.12.2019	% holding
1 Culture Financial Holdings Ltd	767,458,888	70.83%
2 Vista Knowledge Pte Ltd	64,677,973	5.97%
3 Associated Electrical Corporation Ltd	29,237,387	2.70%
4 Mr. A.I. Lovell	24,371,269	2.25%
5 Mr. D.A.J. Warnakulasuriya	19,842,730	1.83%
6 Mr. C.P.A. Wijeyesekera	18,375,314	1.70%
7 Ashyaki Holdings (Pvt) Ltd	7,792,806	0.72%
8 Mr. S.P. Khattar	7,323,365	0.68%
9 Sterling Holdings (Private) Ltd	7,207,557	0.67%
10 Mr. M.D. Samarawickrama	7,031,016	0.65%
11 Anverally and Sons (Pvt) Ltd A/C No 01	4,749,287	0.44%
12 Deutsche Bank AG-National Equity Fund	4,726,849	0.44%
13 Commercial Agencies (Ceylon) Ltd	4,050,833	0.37%
14 Ajita De Zoysa & Company Limited	4,050,832	0.37%
15 ARRC Capital (Pvt) Ltd	3,976,340	0.37%
16 Mr. A.I.T. Hettiarachchi	3,848,735	0.36%
17 Ideal Motors (Private) Limited	2,780,607	0.26%
18 Rosewood (Pvt) Ltd	2,774,542	0.26%
19 Mr. T.N. Wijewardane	1,729,162	0.16%
20 Don And Don Holdings (Private) Limited	1,561,039	0.14%
	987,566,531	91.17%
Other shareholders	95,991,807	8.83%
Total	1,083,558,338	100.00%

As at 31st December 2019

Number of shares in public holding	315,959,650
Number of public shareholders	30,684
Percentage of public holding	29.16%
Market capitalisation (Rs.)	14,411,325,895
Float adjusted market capitalisation	4,202,256,163.14
Required minimum public holding percentage under option 4 of rule 7.13.1 (a) of the Listing Rules of Colombo Stock Exchange	10%

DIRECTORS' INDIVIDUAL HOLDING IN SHARES

Name	No. of shares held as at 31.12.2019
Mr. Atul Malik	None
Mr. Priyantha Fernando	None
Mr. Sabry Ghouse	None
Mr. Gaurav Trehan	None
Mr. Michael J. O'Hanlon	None
Mr. Indrajit Wickramasinghe	None
Mr. Trevine Fernandopulle	None
Ms. Dilshani Wijayawardana	None
Mr. Drayton Sarath Palitha Wikramanayake	None
Mr. Puneet Bhatia	None
Mr. Sanjeev Mehra (Alternate Director to Mr. Puneet Bhatia)	None

The Minimum Public Holding of Union Bank of Colombo PLC as at 31st December 2019 complied with option 4 of rule 7.13.1 (a) of the Listing Rules of the Colombo Stock Exchange.

MEASUREMENT OF FINANCIAL INSTRUMENTS

a. BANK - As at 31 December 2019

	Fair Value through P&L Rs.000	Fair Value through OCI Rs.000	Amortised cost Rs.000	Total Rs.000
ASSETS				
Cash and cash equivalents	-	-	2,718,860	2,718,860
Balances with Central Bank of Sri Lanka	-	-	2,314,197	2,314,197
Placements with banks	-	-	94,257	94,257
Reverse repurchased agreements	-	-	426,823	426,823
Derivative financial instruments	6,230	-	-	6,230
Financial investments at fair value through profit or loss	3,228,565	-	-	3,228,565
Financial assets at amortised cost - loans and advances to customers	-	-	77,358,301	77,358,301
Financial assets at amortised cost - debt and other instruments	-	-	13,441,040	13,441,040
Financial investments at fair value through other comprehensive income	-	17,503,245	-	17,503,245
Other financial assets	-	-	217,561	217,561
Total financial assets	3,234,795	17,503,245	96,571,039	117,309,079

	Fair Value through P&L Rs.000	Amortised cost Rs.000	Total Rs.000
LIABILITIES			
Due to banks	-	11,475,176	11,475,176
Derivative financial instruments	4,515	-	4,515
Repurchased agreements	-	12,116,040	12,116,040
Due to customers	-	76,532,012	76,532,012
Other borrowed funds	-	1,242,450	1,242,450
Other financial liabilities	-	1,907,756	1,907,756
Total financial liabilities	4,515	103,273,434	103,277,949

b. BANK - As at 31 December 2018

	Fair Value through P&L Rs.000	Fair Value through OCI Rs.000	Amortised cost Rs.000	Total Rs.000
ASSETS				
Cash and cash equivalents	-	-	2,917,866	2,917,866
Balances with Central Bank of Sri Lanka	-	-	4,219,932	4,219,932
Placements with banks	-	-	3,265,425	3,265,425
Reverse repurchased agreements	-	-	417,146	417,146
Derivative financial instruments	34,274	-	-	34,274
Financial investments at fair value through profit or loss	2,863,121	-	-	2,863,121
Financial assets at amortised cost - loans and advances to customers	-	-	73,749,208	73,749,208
Financial assets at amortised cost - debt and other instruments	-	-	16,567,940	16,567,940
Financial investments at fair value through other comprehensive income	-	17,735,959	-	17,735,959
Other financial assets	-	-	153,865	153,865
Total financial assets	2,897,395	17,735,959	101,291,382	121,924,735

	Fair Value through P&L Rs.000	Amortised cost Rs.000	Total Rs.000
LIABILITIES			
Due to banks	-	9,348,209	9,348,209
Derivative financial instruments	71,750	-	71,750
Repurchased agreements	-	17,585,912	17,585,912
Due to customers	-	79,251,073	79,251,073
Other borrowed funds	-	1,234,220	1,234,220
Other financial liabilities	-	972,330	972,330
Total financial liabilities	71,750	108,391,744	108,463,494

INTERIM FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2019

MEASUREMENT OF FINANCIAL INSTRUMENTS

a. GROUP - As at 31 December 2019

	Fair Value through P&L Rs.000	Fair Value through OCI Rs.000	Amortised Cost Rs.000	Total Rs.000
ASSETS				
Cash and cash equivalents	-	-	3,104,542	3,104,542
Balances with Central Bank of Sri Lanka	-	-	2,314,197	2,314,197
Placements with banks	-	-	94,257	94,257
Reverse repurchased agreements	-	-	1,009,581	1,009,581
Derivative financial instruments	6,230	-	-	6,230
Financial investments at fair value through profit or loss	3,270,208	-	-	3,270,208
Financial assets at amortised cost - loans and advances to customers	-	-	84,780,138	84,780,138
Financial assets at amortised cost - debt and other instruments	-	-	12,670,558	12,670,558
Financial investments at fair value through other comprehensive income	-	17,516,485	-	17,516,485
Other financial assets	-	-	245,956	245,956
Total financial assets	3,276,438	17,516,485	104,219,229	125,012,152

	Fair Value through P&L Rs.000	Amortised Cost Rs.000	Total Rs.000
LIABILITIES			
Due to banks	-	11,601,966	11,601,966
Derivative financial instruments	4,515	-	4,515
Repurchased agreements	-	12,116,040	12,116,040
Due to customers	-	82,751,668	82,751,668
Other borrowed funds	-	2,514,058	2,514,058
Other financial liabilities	-	2,085,401	2,085,401
Total financial liabilities	4,515	111,069,133	111,073,648

b. GROUP - As at 31 December 2018

	Fair Value through P&L Rs.000	Fair Value through OCI Rs.000	Amortised Cost Rs.000	Total Rs.000
ASSETS				
Cash and cash equivalents	-	-	3,306,393	3,306,393
Balances with Central Bank of Sri Lanka	-	-	4,219,932	4,219,932
Placements with banks	-	-	3,265,425	3,265,425
Reverse repurchased agreements	-	-	950,998	950,998
Derivative financial instruments	34,274	-	-	34,274
Financial investments at fair value through profit or loss	2,863,121	-	-	2,863,121
Financial assets at amortised cost - loans and advances to customers	-	-	82,120,068	82,120,068
Financial assets at amortised cost - debt and other instruments	-	-	15,942,404	15,942,404
Financial investments at fair value through other comprehensive income	-	17,787,621	-	17,787,621
Other financial assets	-	-	235,267	235,267
Total financial assets	2,897,395	17,787,621	110,040,487	130,725,503

	Fair Value through P&L Rs.000	Amortised Cost Rs.000	Total Rs.000
LIABILITIES			
Due to banks	-	9,515,547	9,515,547
Derivative financial instruments	71,750	-	71,750
Repurchased agreements	-	17,535,900	17,535,900
Due to customers	-	86,266,123	86,266,123
Other borrowed funds	-	2,921,647	2,921,647
Other financial liabilities	-	1,046,167	1,046,167
Total financial liabilities	71,750	117,285,384	117,357,134

INTERIM FINANCIAL STATEMENTS
SELECTED PERFORMANCE INDICATORS

Item	BANK		GROUP	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Regulatory Capital - Rs '000				
Common Equity Tier 1 (Basel III)	15,286,211	15,031,473	15,810,228	15,557,644
Tier 1 Capital / Core Capital (Basel III)	15,286,211	15,031,473	15,810,228	15,557,644
Total Capital / Total Capital Base (Basel III)	15,413,097	15,031,473	16,050,219	15,557,644
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement as per Basel III 2019 - 7%, 2018 - 6.375%)	16.61%	17.41%	16.12%	16.47%
Tier 1 Capital Ratio (Minimum Requirement as per Basel III 2019 - 8.5%, 2018 - 7.875%)	16.61%	17.41%	16.12%	16.47%
Total Capital Ratio (Minimum Requirement as per Basel III 2019 - 12.5%, 2018- 11.875%)	16.75%	17.41%	16.36%	16.47%
Leverage Ratio (Minimum Requirement - 3%)	10.64%	N/A	10.36%	N/A
Regulatory Liquidity				
Statutory Liquid Assets				
Domestic Banking Unit, Rs. '000	19,095,889	18,006,765		
Foreign Currency Banking Unit, USD '000	13,587	12,791		
Statutory Liquid Assets Ratio, % (Minimum Requirement, 20%)				
Domestic Banking Unit	22.95%	21.77%		
Foreign Currency Banking Unit	21.95%	21.14%		
Liquidity Coverage Ratio (%), Rupee (Minimum Requirement 2019 - 100%, 2018- 90%)	225.57%	335.43%		
Liquidity Coverage Ratio (%), All Currency (Minimum Requirement 2019 - 100%, 2018- 90%)	154.70%	131.50%		
Net Stable Funding Ratio (%) (Minimum Requirement - 100%)	113.08%	N/A		
Assets Quality (Quality of Loan Portfolio)				
Gross Non-Performing Advances Ratio, % (Net of interest in suspense)	5.03%	3.68%		
Net Non-Performing Advances, % (Net of interest in suspense and provision)	3.55%	2.51%		
Profitability				
Interest Margin, %	3.62%	2.98%		
Return on Assets (Before Tax), %	0.96%	0.63%		
Return on Assets (After Tax), %	0.57%	0.39%		
Return on Equity (After Tax), %	4.16%	2.74%		

Name of Company

Union Bank of Colombo PLC

Legal Form

A Public Limited Liability Company incorporated in Sri Lanka under the Companies Act No. 17 of 1982.

Re-registered under the Companies Act No. 7 of 2007. Listed as a public quoted Company at the Colombo Stock Exchange. A Licensed Commercial Bank under the Banking Act No. 30 of 1988.

Date of Incorporation

February 2nd, 1995

Company Registration Number

PB 676 PQ

Accounting Year-end

December-31

Subsidiary Companies

National Asset Management Ltd

UB Finance Company Ltd

Tax Payer Identity Number (TIN)

134005610

VAT Registration Number

134005610-7000

Credit Rating

Fitch : BBB- (lka)

ICRA : (SL) BBB Stable Rating

Registered Office & Principal Place of Business

No. 64, Galle Road,

Colombo 03, Sri Lanka.

Telephone : +94 11 2374100

Fax: +94 11 2370971

E-mail: ubc@unionb.com

Web Address: www.unionb.com

Auditors

M/s. Ernst & Young

Chartered Accountants,

No. 201, De Saram Place,

Colombo 10.