



# **INTERIM FINANCIAL STATEMENTS**

For the period ended 30 June 2017



	BANK						GROUP					
	For the six months ended			For the quarter ended			For the six months ended			For the quarter ended		
	30.06.2017 Rs.000	30.06.2016 Rs.000 (Restated)	Change %	30.06.2017 Rs.000	30.06.2016 Rs.000 (Restated)	Change %	30.06.2017 Rs.000	30.06.2016 Rs.000	Change %	30.06.2017 Rs.000	30.06.2016 Rs.000	Change %
Interest income	4,907,579	2,971,988	65	2,562,984	1,618,522	58	5,697,512	3,546,741	61	2,960,018	1,916,877	54
Less: Interest expenses	3,346,755	1,993,490	68	1,769,119	1,083,858	63	3,829,940	2,317,497	65	2,014,715	1,258,699	60
<b>Net interest income</b>	<b>1,560,824</b>	<b>978,498</b>	<b>60</b>	<b>793,865</b>	<b>534,664</b>	<b>48</b>	<b>1,867,572</b>	<b>1,229,244</b>	<b>52</b>	<b>945,302</b>	<b>658,178</b>	<b>44</b>
Fee and commission income	368,811	291,716	26	178,002	157,665	13	457,838	387,348	18	220,087	205,061	7
Less: Fee and commission expenses	49,940	41,132	21	25,194	23,529	7	66,136	52,471	26	32,707	30,021	9
<b>Net fee and commission income</b>	<b>318,871</b>	<b>250,584</b>	<b>27</b>	<b>152,808</b>	<b>134,136</b>	<b>14</b>	<b>391,702</b>	<b>334,877</b>	<b>17</b>	<b>187,380</b>	<b>175,040</b>	<b>7</b>
Net trading income	120,496	277,753	(57)	71,668	132,396	(46)	120,496	277,753	(57)	71,668	132,396	(46)
Net gain/ (loss) from financial instruments designated at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-
Other operating income	114,413	122,672	(7)	84,876	82,383	3	157,907	268,483	(41)	97,278	131,163	(26)
<b>Total operating income</b>	<b>2,114,604</b>	<b>1,629,507</b>	<b>30</b>	<b>1,103,217</b>	<b>883,579</b>	<b>25</b>	<b>2,537,677</b>	<b>2,110,357</b>	<b>20</b>	<b>1,301,629</b>	<b>1,096,777</b>	<b>19</b>
<b>Less: Impairment charge</b>												
Individual Impairment	111,285	17,733	528	29,080	11,844	146	126,330	38,439	229	24,527	9,521	158
Collective Impairment	20,398	695	2836	9,235	3,974	132	53,975	20,718	161	34,782	20,620	69
Write Off	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net operating income</b>	<b>1,982,921</b>	<b>1,611,079</b>	<b>23</b>	<b>1,064,902</b>	<b>867,762</b>	<b>23</b>	<b>2,357,372</b>	<b>2,051,200</b>	<b>15</b>	<b>1,242,320</b>	<b>1,066,636</b>	<b>16</b>
Less: Personnel Expenses	766,229	656,193	17	414,846	349,723	19	881,486	767,011	15	472,685	405,114	17
Depreciation & Amortisation	190,803	190,154	0	97,811	98,383	(1)	206,298	200,013	3	105,409	100,832	5
Other expenses	662,170	576,816	15	335,146	307,057	9	773,980	696,399	11	391,259	362,356	8
<b>Results from operating activities</b>	<b>363,719</b>	<b>187,916</b>	<b>94</b>	<b>217,099</b>	<b>112,598</b>	<b>93</b>	<b>495,608</b>	<b>387,777</b>	<b>28</b>	<b>272,966</b>	<b>198,333</b>	<b>38</b>
Share of profit of equity accounted investees, net of tax	29,526	65,982	(55)	9,174	26,435	(65)	-	-	-	-	-	-
<b>Operating profit before value added tax (VAT) and nation building tax (NBT) on financial services</b>	<b>393,245</b>	<b>253,898</b>	<b>55</b>	<b>226,273</b>	<b>139,033</b>	<b>63</b>	<b>495,608</b>	<b>387,777</b>	<b>28</b>	<b>272,966</b>	<b>198,333</b>	<b>38</b>
Less: VAT and NBT on financial services	145,146	99,725	46	84,701	58,451	45	167,428	122,649	37	95,033	69,386	37
<b>Profit before tax</b>	<b>248,099</b>	<b>154,173</b>	<b>61</b>	<b>141,572</b>	<b>80,582</b>	<b>76</b>	<b>328,180</b>	<b>265,128</b>	<b>24</b>	<b>177,933</b>	<b>128,947</b>	<b>38</b>
Less: Tax expenses	40,774	(49,641)	182	29,192	(19,387)	251	75,545	(9,466)	898	44,932	(3,115)	1542
<b>Profit after tax</b>	<b>207,325</b>	<b>203,814</b>	<b>2</b>	<b>112,380</b>	<b>99,969</b>	<b>12</b>	<b>252,636</b>	<b>274,594</b>	<b>(8)</b>	<b>133,001</b>	<b>132,063</b>	<b>1</b>
<b>Profit Attributable to:</b>												
Owners of the parent	207,325	203,814	2	112,380	99,969	12	233,363	234,654	(1)	125,840	117,264	7
Non-controlling interest	-	-	-	-	-	-	19,273	39,940	(52)	7,160	14,799	(52)
<b>Profit after tax</b>	<b>207,325</b>	<b>203,814</b>	<b>2</b>	<b>112,380</b>	<b>99,969</b>	<b>12</b>	<b>252,636</b>	<b>274,594</b>	<b>(8)</b>	<b>133,001</b>	<b>132,063</b>	<b>1</b>
<b>Earnings per share</b>												
Earnings per share - Basic	0.19	0.19	2	0.10	0.09	12	0.21	0.22	(1)	0.12	0.11	7
Earnings per share - Diluted	0.19	0.19	2	0.10	0.09	12	0.21	0.21	(1)	0.11	0.11	7

	BANK						GROUP					
	For the three months ended			For the quarter ended			For the three months ended			For the quarter ended		
	30.06.2017 Rs.'000	30.06.2016 Rs.'000	Change %	30.06.2017 Rs.'000	30.06.2016 Rs.'000	Change %	30.06.2017 Rs.'000	30.06.2016 Rs.'000	Change %	30.06.2017 Rs.'000	30.06.2016 Rs.'000	Change %
<b>Profit for the period</b>	207,325	203,814	2	112,380	99,969	12	252,636	274,594	(8)	133,001	132,063	1
<b>Other comprehensive income</b>												
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>												
Gains and losses on re-measuring available for sale financial assets	244,638	(264,248)	193	347,028	120,935	187	247,501	(275,813)	190	350,389	120,885	190
Gains and losses (arising from translating the financial statements of a foreign operation)	-	-	-	-	-	-	-	-	-	-	-	-
Gains and losses on cash flow hedges	-	-	-	-	-	-	-	-	-	-	-	-
Less: Income tax effect on losses on re-measuring available for sale financial assets	(68,499)	-	-	(97,168)	-	-	(68,499)	2,669	(2,667)	(97,168)	2,669	(3,741)
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>	176,139	(264,248)	167	249,860	120,935	107	179,002	(273,144)	166	253,221	123,554	105
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>												
Actuarial gains and losses on defined benefit plans	-	-	-	-	-	-	-	1,330	(100)	-	1,330	(100)
Less: Income tax effect on actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	-	(372)	100	-	(372)	100
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>	-	-	-	-	-	-	-	958	(100)	-	958	(100)
<b>Share of other comprehensive income of equity accounted investees, net of tax</b>	1,448	(3,777)	138	1,694	2,138	(21)	-	-	-	-	-	-
<b>Other comprehensive income for the period, net of taxes</b>	177,588	(268,025)	166	251,554	123,073	104	179,002	(272,186)	166	253,221	124,512	103
<b>Total comprehensive income for the period</b>	384,912	(64,211)	699	363,934	223,042	63	431,638	2,408	17,825	386,222	256,575	51
<b>Attributable to:</b>												
Owners of the parent	384,912	(64,211)	699	363,934	223,042	63	410,950	(33,371)	1,331	377,394	240,339	57
Non-controlling interest	-	-	-	-	-	-	20,688	35,779	(42)	8,828	16,236	(46)
	384,912	(64,211)	699	363,934	223,042	63	431,638	2,408	17,825	386,222	256,575	51

## INTERIM FINANCIAL STATEMENTS

### STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	BANK			GROUP		
	30.06.2017	31.12.2016	Change	30.06.2017	31.12.2016	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
		Audited			Audited	
<b>Assets</b>						
Cash and cash equivalents	2,118,361	2,506,685	(15)	2,639,707	2,717,650	(3)
Balances with Central Bank of Sri Lanka	2,978,379	2,487,805	20	2,978,379	2,487,805	20
Placements with banks	625,022	2,819,629	(78)	625,022	2,826,710	(78)
Reverse repurchased agreements	869,074	2,137	40560	869,074	275,498	215
Derivative financial instruments	5,492	15,412	(64)	5,492	15,412	(64)
Financial investments – held for trading	2,379,964	1,346,932	77	2,379,964	1,346,932	77
Financial investments designated at fair value through profit or loss	-	-		-	-	
Loans and receivables to other customers	64,047,982	55,438,415	16	72,006,402	62,931,936	14
Other loans and receivables	8,960,927	7,747,231	16	7,954,517	6,739,578	18
Financial investments – available for sale	17,140,155	16,520,365	4	17,332,667	16,694,470	4
Financial investments – held to maturity	140,172	140,231	(0)	140,172	140,231	(0)
Current tax asset	358,643	268,454	34	358,643	268,454	34
Investment in real estate	-	-		146,745	189,449	(23)
Investments in subsidiaries	959,481	940,027	2	-	-	
Goodwill and intangible assets	1,087,216	1,151,033	(6)	1,435,706	1,501,682	(4)
Property, plant and equipment	897,878	897,371	0	1,059,311	1,073,818	(1)
Deferred tax assets	-	82,534	(100)	446,036	541,807	(18)
Other assets	677,885	644,247	5	760,869	781,229	(3)
<b>Total assets</b>	<b>103,246,632</b>	<b>93,008,509</b>	<b>11</b>	<b>111,138,708</b>	<b>100,532,661</b>	<b>11</b>
<b>Liabilities</b>						
Due to banks	12,712,624	12,160,244	5	13,503,167	12,770,197	6
Derivative financial instruments	3,738	3,976	(6)	3,738	3,976	(6)
Financial liabilities designated at fair value through profit or loss	-	-		-	-	
Repurchased agreements	8,621,397	10,256,670	(16)	8,501,312	10,113,570	(16)
Due to other customers	62,719,122	51,841,372	21	68,284,509	57,525,156	19
Other borrowed funds	-	-		1,147,348	833,095	38
Current tax liabilities	-	-		174,981	162,396	8
Deferred tax liabilities	4,251	-	100	4,540	289	1470
Debt securities issued	-	-		-	-	
Subordinated term debts	-	-		-	-	
Other Provisions	-	-		-	-	
Other liabilities	1,818,073	1,663,033	9	2,235,033	2,158,591	4
<b>Total liabilities</b>	<b>85,879,206</b>	<b>75,925,295</b>	<b>13</b>	<b>93,854,629</b>	<b>83,567,270</b>	<b>12</b>
<b>Equity</b>						
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	105,805	95,439	11	117,968	107,602	10
ESOP reserve	26,275	17,836	47	26,275	17,836	47
Available for sale reserve	(74,306)	(251,894)	(71)	(69,500)	(247,088)	(72)
Retained earnings	909,386	821,568	11	444,053	330,196	34
<b>Total shareholders' equity</b>	<b>17,367,426</b>	<b>17,083,214</b>	<b>2</b>	<b>16,919,062</b>	<b>16,608,812</b>	<b>2</b>
Non-controlling interests	-	-		365,017	356,579	2
<b>Total equity</b>	<b>17,367,426</b>	<b>17,083,214</b>	<b>2</b>	<b>17,284,079</b>	<b>16,965,391</b>	<b>2</b>
<b>Total equity and liabilities</b>	<b>103,246,632</b>	<b>93,008,509</b>	<b>11</b>	<b>111,138,708</b>	<b>100,532,661</b>	<b>11</b>
<b>Contingent liabilities and commitments</b>	<b>46,483,621</b>	<b>44,404,415</b>	<b>5</b>	<b>46,483,621</b>	<b>44,404,415</b>	<b>5</b>
<b>Net asset value per ordinary share (Rs.)</b>	<b>15.91</b>	<b>15.65</b>	<b>2</b>	<b>15.50</b>	<b>15.22</b>	<b>2</b>
<b>Memorandum information</b>						
Number of Employees	1,213	1,194				
Number of Branches	65	65				

BANK	Stated Capital	Share Warrants	Statutory Reserve	ESOP Reserve	Available for sale	Retained Earnings	Total Equity
	Rs.'000	Rs.'000	Fund Rs.'000	Rs.'000	Reserve Rs.'000	Rs.'000	Rs.'000
<b>Balance as at 1 January 2016</b>	16,334,782	65,484	72,880	1,030	(10,449)	449,463	16,913,190
Net profit for the period	-	-	-	-	-	203,814	203,814
Other comprehensive Income	-	-	-	-	(268,025)	-	(268,025)
<b>Total comprehensive Income</b>	-	-	-	-	(268,025)	203,814	(64,211)
Dividend Paid	-	-	-	-	-	(43,656)	(43,656)
Fair value of ESOP	-	-	-	3,229	-	-	3,229
Transfers during the period	-	-	10,191	-	-	(10,191)	-
<b>Balance as at 30 June 2016</b>	16,334,782	65,484	83,071	4,259	(278,474)	599,430	16,808,552
<b>Balance as at 1 January 2017</b>	16,334,782	65,484	95,439	17,836	(251,894)	821,568	17,083,214
Net profit for the period	-	-	-	-	-	207,325	207,325
Other comprehensive Income	-	-	-	-	177,588	-	177,588
<b>Total comprehensive Income</b>	-	-	-	-	177,588	207,325	384,913
Dividend Paid	-	-	-	-	-	(109,141)	(109,141)
Fair value of ESOP	-	-	-	8,440	-	-	8,440
Transfers during the period	-	-	10,366	-	-	(10,366)	-
<b>Balance as at 30 June 2017</b>	16,334,782	65,484	105,805	26,275	(74,306)	909,386	17,367,426

GROUP	Stated Capital	Share Warrants	Statutory Reserve	ESOP Reserve	Available for sale	Retained Earnings	Total	Non-controlling	Total Equity
	Rs.'000	Rs.'000	Fund Rs.'000	Rs.'000	Reserve Rs.'000	Rs.'000	Rs.'000	Interest Rs.'000	Rs.'000
<b>Balance as at 1 January 2016</b>	16,334,782	65,484	80,624	1,030	(4,576)	(91,502)	16,385,842	329,227	16,715,069
Net profit for the period	-	-	-	-	-	234,654	234,654	39,940	274,594
Other comprehensive Income	-	-	-	-	(268,658)	634	(268,024)	(4,161)	(272,186)
<b>Total comprehensive Income</b>	-	-	-	-	(268,658)	235,288	(33,370)	35,778	2,409
Fair value of ESOP	-	-	-	7,489	-	-	7,489	-	7,489
Transfers during the period	-	-	7,696	-	-	(7,696)	-	-	-
Dividend Paid	-	-	-	-	-	(43,656)	(43,656)	(17,150)	(60,806)
<b>Balance as at 30 June 2016</b>	16,334,782	65,484	88,320	8,519	(273,234)	92,434	16,316,305	347,856	16,664,161
<b>Balance as at 1 January 2017</b>	16,334,782	65,484	107,602	17,836	(247,088)	330,196	16,608,812	356,579	16,965,391
Net profit for the period	-	-	-	-	-	233,363	233,363	19,273	252,636
Other comprehensive Income	-	-	-	-	177,588	-	177,588	1,415	179,002
<b>Total comprehensive Income</b>	-	-	-	-	177,588	233,363	410,951	20,688	431,638
Fair value of ESOP	-	-	-	8,440	-	-	8,440	-	8,440
Transfers during the period	-	-	10,366	-	-	(10,366)	-	-	-
Dividend Paid	-	-	-	-	-	(109,141)	(109,141)	(12,250)	(121,391)
<b>Balance as at 30 June 2017</b>	16,334,782	65,484	117,968	26,275	(69,500)	444,052	16,919,061	365,017	17,284,079

**INTERIM FINANCIAL STATEMENTS**

**STATEMENT OF CASH FLOWS**

Period ended 30 June 2017

	BANK		GROUP	
	30.06.2017 Rs.'000	30.06.2016 Rs.'000	30.06.2017 Rs.'000	30.06.2016 Rs.'000
<b>Cash Flow from Operating Activities</b>				
Interest received	4,836,486	2,581,307	5,383,670	3,302,787
Fees and commission receipts	318,871	120,924	391,702	205,217
Interest paid	(3,174,027)	(1,984,913)	(3,634,737)	(2,196,895)
Receipts from Other operating activities	251,096	264,965	298,824	417,723
Payments on Other operating activities	(1,540,037)	(1,324,809)	(1,788,388)	(1,584,212)
<b>Operating Profit/(Loss) before changes in Operating Assets &amp; Liabilities</b>	692,389	(342,525)	651,070	144,622
<b>(Increase)/Decrease in Operating Assets:</b>				
Balance with Central Bank of Sri Lanka	(490,574)	(920,429)	(490,574)	(920,429)
Funds advanced to customers	(8,705,288)	(8,340,954)	(9,008,814)	(9,576,704)
Others	(23,717)	(88,973)	30,280	(101,001)
	(9,219,580)	(9,350,356)	(9,469,108)	(10,598,134)
<b>Increase/(Decrease) in Operating Liabilities:</b>				
Due to other customers	10,734,902	8,143,396	10,544,816	8,984,127
Repurchased agreements	(1,646,733)	1,785,601	(1,623,718)	1,733,619
Other liabilities	133,235	758,219	52,550	775,326
	9,221,404	10,687,216	8,973,648	11,493,073
<b>Net Cash from/(used in) Operating Activities before Income Tax</b>	694,213	994,335	155,610	1,039,561
Retiring gratuity paid	(3,463)	(2,808)	(3,644)	(2,823)
Income tax paid	(112,716)	(29,278)	(120,392)	(32,615)
<b>Net Cash from/(used in) Operating Activities</b>	578,034	962,249	31,574	1,004,123
<b>Cash Flow from/(used in) Investing Activities</b>				
Dividends received	11,521	16,178	-	632
Net investment in other financial assets - Held for trading	(1,012,767)	3,784,939	(1,012,767)	3,784,939
Net increase in investment in financial assets - Held to maturity	52	7,172	52	7,172
Net increase in investment in financial assets - Available for sale	(362,948)	(4,887,641)	(378,491)	(4,993,814)
Net increase in debt securities	(1,251,787)	(985,442)	(1,134,671)	(966,686)
Net investment in real estates	-	-	42,704	(18,774)
Purchase of property & equipment	(123,861)	(93,174)	(127,669)	(107,650)
Purchase of intangible assets	(11,686)	(73,667)	(10,895)	(73,272)
Proceeds from sale of property, plant & equipment	9	405	9	405
<b>Net Cash used in Investing Activities</b>	(2,751,468)	(2,231,230)	(2,621,730)	(2,367,049)
<b>Cash Flow from/(used in) Financing Activities</b>				
Increase in borrowings	588,171	726,731	395,230	583,598
Dividend paid	(109,141)	(43,656)	(121,391)	(60,806)
<b>Net Cash from Financing Activities</b>	479,031	683,074	273,839	522,792
Net Increase/(decrease) in cash and cash equivalents	(1,694,403)	(585,907)	(2,316,317)	(840,134)
Cash and cash equivalents at beginning of the year	5,190,478	3,243,723	5,470,816	3,563,864
<b>Cash and Cash Equivalents at end of the period</b>	3,496,076	2,657,816	3,154,499	2,723,730
<b>Reconciliation of Cash and Cash Equivalents</b>				
Cash in hand and at banks	2,118,361	2,269,042	2,639,707	2,562,619
Reverse repurchased agreements	833,912	368,022	869,844	368,022
Placements with banks	625,005	86,167	625,005	86,741
Due to banks	(81,202)	(65,415)	(980,058)	(293,651)
	3,496,076	2,657,816	3,154,499	2,723,730

**1 LOANS AND RECEIVABLES TO OTHER CUSTOMERS**

	BANK		GROUP	
	30.06.2017 Rs.'000	31.12.2016 Rs.'000 Audited	30.06.2017 Rs.'000	31.12.2016 Rs.'000 Audited
Gross loans and receivables (Note 1.1)	64,848,154	56,109,622	73,357,239	64,105,185
(Less): Individual impairment (Note 1.2)	(414,754)	(303,469)	(698,661)	(572,331)
Collective impairment (Note 1.2)	(385,418)	(367,737)	(652,176)	(600,918)
<b>Net loans and receivables</b>	<b>64,047,982</b>	<b>55,438,415</b>	<b>72,006,402</b>	<b>62,931,936</b>

**1.1 Loans and Receivables to other customers - by product**

Overdrafts	11,596,727	9,816,879	11,488,415	9,691,941
Trade finance	6,224,022	5,283,571	6,224,022	5,283,571
Pawning	301,847	196,948	301,847	196,948
Staff loans	926,820	700,800	926,895	700,875
Term loans	33,618,618	30,503,671	34,759,813	31,926,650
Lease and Hire purchase	1,415,046	1,339,952	6,726,882	6,240,628
Factoring	413,480	411,200	2,335,725	1,967,785
Others	-	-	242,048	240,186
<b>By Product - Local Currency</b>	<b>54,496,560</b>	<b>48,253,021</b>	<b>63,005,647</b>	<b>56,248,584</b>
Overdrafts	56,850	14,075	56,850	14,075
Trade finance	6,802,412	6,256,932	6,802,412	6,256,932
Term loans	3,492,332	1,585,594	3,492,330	1,585,594
<b>By Product - Foreign Currency</b>	<b>10,351,594</b>	<b>7,856,601</b>	<b>10,351,592</b>	<b>7,856,601</b>
<b>Total Loans and Receivables</b>	<b>64,848,154</b>	<b>56,109,622</b>	<b>73,357,239</b>	<b>64,105,185</b>

**1.2 Movements in Individual and Collective Impairment for the period**

<b>Individual impairment</b>				
Opening balance as at 1 January	303,469	204,579	572,331	430,908
Charge/(Write back) to Statement of Profit or loss	111,285	98,890	126,330	141,424
Net write-off during the period	-	-	-	-
Closing balance as at 30 June	414,754	303,469	698,661	572,331
<b>Collective impairment</b>				
Opening balance as at 1 January	367,737	363,804	600,918	539,560
Charge/(Write back) to Statement of Profit or loss	20,398	53,424	53,975	110,849
Net write-off during the period	(2,717)	(49,491)	(2,717)	(49,491)
Closing balance as at 30 June	385,418	367,737	652,176	600,918
<b>Total Impairment Balance</b>	<b>800,172</b>	<b>671,206</b>	<b>1,350,838</b>	<b>1,173,249</b>

**2 DUE TO OTHER CUSTOMERS**

	BANK		GROUP	
	30.06.2017 Rs.'000	31.12.2016 Rs.'000 Audited	30.06.2017 Rs.'000	31.12.2016 Rs.'000 Audited
<b>Local Currency Deposits</b>				
Current accounts	3,505,119	3,294,303	3,503,127	3,292,382
Saving accounts	9,357,594	7,282,592	9,343,155	7,293,188
Fixed deposits	40,007,132	33,197,397	45,588,950	38,872,506
Certificate of Deposits	2,486,757	2,379,775	2,486,757	2,379,775
<b>Total</b>	<b>55,356,602</b>	<b>46,154,067</b>	<b>60,921,989</b>	<b>51,837,851</b>
<b>Foreign Currency Deposits</b>				
Current accounts	168,336	250,884	168,336	250,884
Saving accounts	1,484,772	1,530,120	1,484,772	1,530,120
Fixed deposits	5,709,412	3,906,301	5,709,412	3,906,301
<b>Total</b>	<b>7,362,520</b>	<b>5,687,305</b>	<b>7,362,520</b>	<b>5,687,305</b>
<b>Total Deposits</b>	<b>62,719,122</b>	<b>51,841,372</b>	<b>68,284,509</b>	<b>57,525,156</b>

## INTERIM FINANCIAL STATEMENTS

### EXPLANATORY NOTES

Period ended 30 June 2017

- 1 The figures are provisional, unless otherwise stated as audited.
- 2 Interim financial statements are presented in accordance with LKAS 34 - Interim Financial Reporting applicable after 1 January 2012 and there are no changes to the accounting policies and methods of computation as against those disclosed in the Annual Report for the year ended 31 December 2016.  
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.
- 3 The Bank has decided to measure the investment in subsidiaries using equity method in accordance with the amendments made to para 10 of LKAS 27 - "Seperate Financial Statements". Accordingly, the Bank has restated the comparative information as required by LKAS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors".
- 4 No material events have been taken place subsequent to the reporting period that require disclosures or/ and adjustment in the Financial Statements other than mentioned below;
  - 4.1 Dr. P. Jayendra Nayak, Chairman of the Bank retired with effect from 30th June 2017 and Mr. Priyantha Fernando was appointed as the Acting Chairman with effect from 1 July 2017.
  - 4.2 Ms. Nirosha Kannagara, Company Secretary of the Bank resigned with effect from 4 June 2017 and Ms. Shyamila Samarasinghe was appointed as the Acting Company Secretary with effect from 5 June 2017.
  - 4.3 Mr. Trevine Sylvester Anthony Fernandopulle and Ms. Dilshani Gayathri Wijayawardana have been appointed to the Board of Union Bank as independent non executive directors with effect from 1 April 2017.
  - 4.4 Mrs. Ayomi Aluwihare, an Independent non executive director of Union Bank did not stand for re-election on her retirement by rotation at the Annual General Meeting held on 31 March 2017. She ceased to be a Director of the Board immediately after the Annual General Meeting.

5 Information on Ordinary Shares

<b>Market Value</b>	<b>30.06.2017</b>	<b>31.03.2016</b>
	<b>Rs.</b>	<b>Rs.</b>
Last traded price	15.40	16.60
Highest price for the quarter	16.00	20.80
Lowest price for the quarter	14.20	14.20

	Corporate		Treasury		SME		Retail		Other Group Companies		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Period ended 30 June</b>												
Interest Income	1,604,672	882,614	936,765	779,208	1,571,319	1,048,474	686,969	178,973	897,787	657,471	5,697,512	3,546,741
Add: Inter-Segment Interest Income	-	-	-	-	-	-	1,708,754	1,277,680	-	-	1,708,754	1,277,680
<b>Total Interest Income</b>	1,604,672	882,614	936,765	779,208	1,571,319	1,048,474	2,395,723	1,456,653	897,787	657,471	7,406,266	4,824,421
Less: Interest Expense	386,730	181,577	511,141	628,666	551,684	-	1,887,586	1,167,402	492,799	339,852	3,829,940	2,317,497
Less: Inter-Segment Interest Expense	856,419	430,009	243,821	89,266	608,515	758,404	-	-	-	-	1,708,754	1,277,680
<b>Net Interest Income</b>	361,522	271,028	181,804	61,276	411,120	290,070	508,137	289,251	404,988	317,619	1,867,572	1,229,244
Other Income	80,373	67,186	207,380	395,433	176,079	46,300	87,023	167,738	185,384	214,017	736,241	890,674
<b>Total Net Income</b>	441,896	338,214	389,184	456,709	587,200	336,370	595,160	456,989	590,372	531,636	2,603,812	2,119,918
Less: Expenses including impairments	288,752	242,891	277,129	221,278	607,488	416,062	578,746	569,384	356,089	282,527	2,108,204	1,732,142
<b>Segmental Results</b>	153,143	95,323	112,055	235,431	(20,288)	(79,692)	16,415	(112,395)	234,283	249,109	495,608	387,776
Less: VAT and NBT on Financial Services											167,428	122,649
Less: Taxation											75,545	(9,467)
<b>Profit after Taxation</b>											252,636	274,594
<b>Net cash flow from operating activities</b>	126,863	204,904	111,730	276,694	168,578	203,788	170,863	276,863	(546,461)	41,874	31,574	1,004,123
<b>Net cash flow from investing activities</b>	(29,747)	(35,441)	(2,642,128)	(2,112,653)	(39,528)	(35,248)	(40,064)	(47,888)	129,738	(135,819)	(2,621,730)	(2,367,049)
<b>Net cash flow from financing activities</b>	-	-	479,031	683,074	-	-	-	-	(205,192)	(203,938)	273,839	522,792
<b>As at 30 June</b>												
<b>Other Information</b>												
Segment Assets	30,937,499	23,979,827	26,030,540	25,179,355	24,964,521	19,291,370	12,598,136	6,307,793	12,547,446	10,218,023	107,078,142	84,976,368
Unallocated											4,060,566	3,969,764
<b>Consolidated Total Assets</b>											111,138,708	88,946,132
Segment Liabilities	11,271,788	6,272,930	20,706,558	17,411,271	10,739,627	550,077	39,165,367	39,525,624	9,556,735	6,200,794	91,440,075	69,960,696
Unallocated											2,414,555	2,321,276
<b>Consolidated Total Liabilities</b>											93,854,629	72,281,972

## INTERIM FINANCIAL STATEMENTS

### INFORMATION ON ORDINARY SHARES OF THE BANK

As at 30 June 2017

#### TOP 20 SHAREHOLDERS

Name	No. of shares as at 30.06.2017	% holding
1 Culture Financial Holdings Ltd	763,984,374	70.00%
2 Vista Knowledge Pte Ltd	64,677,973	5.93%
3 Associated Electrical Corporation Ltd	29,237,387	2.68%
4 Mr. A.I. Lovell	24,011,505	2.20%
5 Dr. T. Senthilvel	19,521,558	1.79%
6 Mr. C.P.A. Wijeyesekera	18,508,468	1.70%
7 Mr. D.A.J. Warnakulasuriya	14,842,730	1.36%
8 Ashyaki Holdings (Pvt) Ltd	7,792,806	0.71%
9 Mr. M.D. Samarawickrama	7,660,582	0.70%
10 Mr. S.P. Khattar	7,343,365	0.67%
11 Sterling Holdings (Private) Ltd	7,207,557	0.66%
12 Soflogie Life Insurance PLC – A/C 02 (Life Fund)	6,023,317	0.55%
13 Anverally and Sons (Pvt) Ltd A/C No 01	5,203,602	0.48%
14 Commercial Agencies (Ceylon) Ltd	4,050,833	0.37%
15 Ajita De Zoysa & Company Limited	4,050,832	0.37%
16 Rosewood (Pvt) Limited - A/C No 01	3,512,909	0.32%
17 Mr. A.I.T. Hettiarachchi	2,082,000	0.19%
18 Ceylon Biscuits Limited	2,000,000	0.18%
19 Standard Chartered Bank Singapore S/A HI Bank Singapore Branch	1,990,789	0.18%
20 Ceylon Investment Plc A/C # 01	1,940,775	0.18%
	<b>995,643,362</b>	<b>91.22%</b>
Other shareholders	95,762,887	8.78%
<b>Total</b>	<b>1,091,406,249</b>	<b>100.00%</b>

#### As at 30 June 2017

Number of shares in public holding	238,578,797
Number of public shareholders	32,130
Percentage of public holding	21.86%

#### DIRECTORS' INDIVIDUAL HOLDING IN SHARES

Name	No. of shares held as at 30.06.2017
Dr. P. Jayendra Nayak (Chairman) - Retired with effect from 30 June 2017	None
Mr. Priyantha Fernando (Deputy Chairman/ Senior Director) - Appointed as Acting Chairman with effect from 1 July 2017	None
Ms. Sow Lin Chiew (Alternate Director Ms. Yoke Sun Woon )	None
Mr. Sabry Ghouse	None
Mr. Ranvir Dewan	None
Mr. Gaurav Trehan	None
Mr. Puneet Bhatia	None
Mr. Michael J. O'Hanlon (Alternate Director Mr. Sumedh Jog)	None
Mr. Indrajit Wickramasinghe	None
Mr. Yudhishtan Kanagasabai	None
Mr. Trevine Fernandopulle	None
Ms. Dilshani Wijayawardana	None

**MEASUREMENT OF FINANCIAL INSTRUMENTS**

a. Bank - 30 June 2017

	Fair Value through P & L Rs.000	Held to Maturity Rs.000	Loans & Receivables Rs.000	Available for Sale Rs.000	Designated at fair value Rs.000	Hedging Rs.000	Total Rs.000
<b>ASSETS</b>							
Cash and cash equivalents	-	-	2,118,361	-	-	-	2,118,361
Balances with Central Bank of Sri Lanka	-	-	2,978,379	-	-	-	2,978,379
Placements with banks	-	-	625,022	-	-	-	625,022
Reverse repurchased agreements	-	-	869,074	-	-	-	869,074
Derivative financial instruments	5,492	-	-	-	-	-	5,492
Other financial assets - Held for trading	2,379,964	-	-	-	-	-	2,379,964
Loans and receivables to other customers	-	-	64,047,982	-	-	-	64,047,982
Other loans and receivables	-	-	8,960,927	-	-	-	8,960,927
Financial investments - Available for sale	-	-	-	17,140,155	-	-	17,140,155
Financial investments - Held to maturity	-	140,172	-	-	-	-	140,172
Other assets	-	-	103,342	-	-	-	103,342
<b>Total financial assets</b>	<b>2,385,457</b>	<b>140,172</b>	<b>79,703,086</b>	<b>17,140,155</b>	-	-	<b>99,368,870</b>

	Fair Value through P & L Rs.000	Amortised cost Rs.000	Designated at fair value Rs.000	Hedging Rs.000	Total Rs.000
<b>LIABILITIES</b>					
Due to banks	-	12,712,624	-	-	12,712,624
Derivative financial instruments	3,738	-	-	-	3,738
Other financial liabilities at fair value through profit or loss	-	-	-	-	-
Repurchased agreements	-	8,621,397	-	-	8,621,397
Due to other customers	-	62,719,122	-	-	62,719,122
Other borrowed funds	-	-	-	-	-
Debt securities issued	-	-	-	-	-
Other liabilities	-	1,448,117	-	-	1,448,117
<b>Total financial liabilities</b>	<b>3,738</b>	<b>85,501,260</b>	-	-	<b>85,504,998</b>

b. Bank - 31 December 2016 (Audited)

	Fair Value through P & L Rs.000	Held to Maturity Rs.000	Loans & Receivables Rs.000	Available for Sale Rs.000	Designated at fair value Rs.000	Hedging Rs.000	Total Rs.
<b>ASSETS</b>							
Cash and cash equivalents	-	-	2,506,685	-	-	-	2,506,685
Balances with Central Bank of Sri Lanka	-	-	2,487,805	-	-	-	2,487,805
Placements with banks	-	-	2,819,629	-	-	-	2,819,629
Reverse repurchased agreements	-	-	2,137	-	-	-	2,137
Derivative financial instruments	15,412	-	-	-	-	-	15,412
Other financial assets - Held for trading	1,346,932	-	-	-	-	-	1,346,932
Loans and receivables to other customers	-	-	55,438,415	-	-	-	55,438,415
Other loans and receivables	-	-	7,747,331	-	-	-	7,747,331
Financial investments - Available for sale	-	-	-	16,520,365	-	-	16,520,365
Financial investments - Held to maturity	-	140,231	-	-	-	-	140,231
Other assets	-	-	105,667	-	-	-	105,667
<b>Total financial assets</b>	<b>1,362,344</b>	<b>140,231</b>	<b>71,107,569</b>	<b>16,520,365</b>	-	-	<b>89,130,509</b>

	Fair Value through P & L Rs.000	Amortised cost Rs.000	Designated at fair value Rs.000	Hedging Rs.000	Total Rs.000
<b>LIABILITIES</b>					
Due to banks	-	12,160,244	-	-	12,160,244
Derivative financial instruments	3,976	-	-	-	3,976
Other financial liabilities at fair value through profit or loss	-	-	-	-	-
Repurchased agreements	-	10,256,670	-	-	10,256,670
Due to other customers	-	51,841,372	-	-	51,841,372
Other borrowings	-	-	-	-	-
Debt securities issued	-	-	-	-	-
Other liabilities	-	1,279,019	-	-	1,279,019
<b>Total financial liabilities</b>	<b>3,976</b>	<b>75,537,305</b>	-	-	<b>75,541,280</b>

**MEASUREMENT OF FINANCIAL INSTRUMENTS**

**a. Group - 30 June 2017**

	Fair Value through P & L Rs.000	Held to Maturity Rs.000	Loans & Receivables Rs.000	Available for Sale Rs.000	Designated at fair value Rs.000	Hedging Rs.000	Total Rs.000
<b>ASSETS</b>							
Cash and cash equivalents	-	-	2,639,707	-	-	-	2,639,707
Balances with Central Bank of Sri Lanka	-	-	2,978,379	-	-	-	2,978,379
Placements with banks	-	-	625,022	-	-	-	625,022
Reverse repurchased agreements	-	-	869,074	-	-	-	869,074
Derivative financial instruments	5,492	-	-	-	-	-	5,492
Other financial assets - Held for trading	2,379,964	-	-	-	-	-	2,379,964
Loans and receivables to banks	-	-	-	-	-	-	-
Loans and receivables to other customers	-	-	72,006,401	-	-	-	72,006,401
Other loans and receivables	-	-	7,954,517	-	-	-	7,954,517
Financial investments - Available for sale	-	-	-	17,332,667	-	-	17,332,667
Financial investments - Held to maturity	-	140,172	-	-	-	-	140,172
Other assets	-	-	103,342	-	-	-	103,342
<b>Total financial assets</b>	<b>2,385,457</b>	<b>140,172</b>	<b>87,176,441</b>	<b>17,332,667</b>	-	-	<b>107,034,737</b>

	Fair Value through P & L Rs.000	Amortised cost Rs.000	Designated at fair value Rs.000	Hedging Rs.000	Total Rs.
<b>LIABILITIES</b>					
Due to banks	-	13,503,167	-	-	13,503,167
Derivative Financial Instruments	3,738	-	-	-	3,738
Other financial liabilities at fair value through profit or loss	-	-	-	-	-
Repurchased agreements	-	8,501,312	-	-	8,501,312
Due to other customers	-	68,284,509	-	-	68,284,509
Other borrowed funds	-	1,147,348	-	-	1,147,348
Debt securities issued	-	-	-	-	-
Other liabilities	-	1,448,117	-	-	1,448,117
<b>Total financial liabilities</b>	<b>3,738</b>	<b>92,884,453</b>	-	-	<b>92,888,191</b>

**b. Group - 31 December 2016 (Audited)**

	Fair Value through P & L Rs.000	Held to Maturity Rs.000	Loans & Receivables Rs.000	Available for Sale Rs.000	Designated at fair value Rs.000	Hedging Rs.000	Total Rs.000
<b>ASSETS</b>							
Cash and cash equivalents	-	-	2,717,650	-	-	-	2,717,650
Balances with Central Bank of Sri Lanka	-	-	2,487,805	-	-	-	2,487,805
Placements with banks	-	-	2,826,710	-	-	-	2,826,710
Reverse repurchased agreements	-	-	275,498	-	-	-	275,498
Derivative financial instruments	15,412	-	-	-	-	-	15,412
Other financial assets - Held for trading	1,346,932	-	-	-	-	-	1,346,932
Loans and receivables to other customers	-	-	62,931,936	-	-	-	62,931,936
Other loans and receivables	-	-	6,739,578	-	-	-	6,739,578
Financial investments - Available for sale	-	-	-	16,694,470	-	-	16,694,470
Financial investments - Held to maturity	-	140,231	-	-	-	-	140,231
Other assets	-	-	123,349	-	-	-	123,349
<b>Total financial assets</b>	<b>1,362,344</b>	<b>140,231</b>	<b>78,102,525</b>	<b>16,694,470</b>	-	-	<b>96,299,570</b>

	Fair Value through P & L Rs.000	Amortised cost Rs.000	Designated at fair value Rs.000	Hedging Rs.000	Total Rs.000
<b>LIABILITIES</b>					
Due to banks	-	12,770,197	-	-	12,770,197
Derivative financial instruments	3,976	-	-	-	3,976
Other financial liabilities at fair value through profit or loss	-	-	-	-	-
Repurchased agreements	-	10,113,570	-	-	10,113,570
Due to other customers	-	57,525,156	-	-	57,525,156
Other borrowed funds	-	833,095	-	-	833,095
Debt securities issued	-	-	-	-	-
Other liabilities	-	1,643,926	-	-	1,643,926
<b>Total financial liabilities</b>	<b>3,976</b>	<b>82,885,943</b>	-	-	<b>82,889,919</b>

**INTERIM FINANCIAL STATEMENTS**  
**SELECTED PERFORMANCE INDICATORS**

Item	BANK		GROUP	
	30 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016
<b>Regulatory Capital Adequacy</b>				
Core Capital (Tier 1 Capital), Rs. '000	15,642,836	15,688,158	14,613,400	14,633,157
Total Capital Base, Rs. '000	15,212,403	15,257,726	14,609,358	14,628,817
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	21.41%	22.87%	18.32%	19.32%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	20.82%	22.24%	18.32%	19.32%
<b>Assets Quality (Quality of Loan Portfolio)</b>				
Gross Non-Performing Advances Ratio, % (net of interest in suspense)	2.62%	2.40%		
Net-Non Performing Advances, % (net of interest in suspense and provision)	1.78%	1.60%		
<b>Profitability</b>				
Interest Margin, %	3.18%	3.06%		
Return on Assets (Before Tax), %	0.51%	0.53%		
Return on Assets (After Tax), %	0.42%	0.55%		
Return on Equity (After Tax), %	2.41%	2.65%		
<b>Regulatory Liquidity</b>				
Statutory Liquid Assets, Rs. '000				
Domestic Banking Unit	14,323,826	13,246,635		
Foreign Currency Banking Unit	8,714,114	901,821		
Statutory Liquid Assets Ratio, % (Minimum Requirement, 20%)				
Domestic Banking Unit	21.32%	22.02%		
Foreign Currency Banking Unit	21.03%	21.79%		

**CERTIFICATION:**

We, the undersigned, being the Acting Chairman, Director/ Chief Executive Officer and Chief Financial Officer 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 unaudited financial statements of the Bank and the Group unless indicated as audited.

Sgd.  
Malinda Samaratunga  
Chief Financial Officer

Sgd  
Indrajit Wickramasinghe  
Director/ Chief Executive Officer

Sgd  
Priyantha Fernando  
Acting Chairman

Date: 26 July 2017

**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 : BB+ (lka) Positive Rating

ICRA : (SL) BBB Stable Rating

**Registered Office & Principal Place of Business**

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Colombo 03, Sri Lanka.

Telephone : +94 11 2374100

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**Auditors**

M/s. Ernst & Young

Chartered Accountants,

No. 201, De Saram Place,

Colombo 10.