



# **INTERIM FINANCIAL STATEMENTS**

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**For the period ended 30 June 2021**

## Union Bank concludes 1H21 with a steady performance

Union Bank stood resilient despite economic setbacks resulting from the pandemic in 2020 and re-aligned its strategy for recovery and growth, reporting a strong performance during the first quarter of 2021 with favourable returns and increased revenue. However, challenges continued with a third wave hitting in April 2021 adding further limitations to the business growth momentum. Despite these setbacks the Bank continued to maintain consistent performance even during the second quarter and concluded the first half of the year 2021 with a strong core banking performance.

Although the banking sector activities were under pressure in the second quarter amidst travel restrictions etc. that delimited operations, the focused efforts of Union Bank's operations contributed to this performance in the second Quarter. Revenues were impacted by the low AWPLR that prevailed along with the new credit relief schemes introduced by the Central Bank of Sri Lanka (CBSL) for customers affected by the third wave of the pandemic. The relief scheme which came into effect in May 2021 was rolled out by the Bank immediately; offering extensions of capital and/or interest payments to affected customers up to 31<sup>st</sup> August 2021. The concessions assented relief for customers within the Retail, SME and corporate segments affected by the third wave of the pandemic and included late payment fee waivers, due date extensions and payment flexibilities for credit cardholders as well.

Despite the above, the Bank's Net Interest Income (NII) during the first half of 2021 was Rs. 2,103 Mn and reported a growth of 4% YoY. The Net Interest Margin improved to 3.44% during the period ended 30<sup>th</sup> June 2021, compared to 3.23% in the comparative period.

Late payment and other fees were waived off for impacted customers until August 2021 in-line with the CBSL guidelines. The Decline in economic activity and import restrictions further impacted fee income. However, the Net Fee and Commission Income of the Bank grew during the first half by 42% YoY. The significant growth in fee income also reflects the impact of the Covid-19 relief schemes granted in 2020, which affected the revenues in the comparative period last year.

Total other income of the Bank declined during the 1<sup>st</sup> half by 18% YoY to Rs. 527 Mn. This was mainly due to total capital gains including investments in unit income declining by 43% to Rs. 310 Mn. However, exchange gains increased by 117% YoY largely driven by the exchange rate deflation by 8% and the rate fluctuations during the said period.

Despite external challenges, the Operating Income of the Bank for the period ended 30<sup>th</sup> June 2021 was Rs. 3,036 Mn and reported a growth of 3% over the comparable period last year. Due to continued focus and efforts on prudent cost management across the bank, the Operating Expenses reduced by 6% YoY to Rs. 1,809 Mn. Pre-impairment profits of the Bank for 1H2021 were Rs.1,227 Mn and reflected a 18% growth YoY.

Due to the challenging economic environment, the Bank continued to follow its impairment models with the same assumptions applied in December 2020. Accordingly, the Bank continued to consider customers operating in risk elevated industries (industries with a significant increase in credit risk) for impairment calculations. Further, the higher weightage applied to the worst-case macro-economic scenario has

continued to be applied in the expected credit loss calculations as well. Therefore, while the Bank's actual credit losses were low, the Bank booked significant provisions during this period to account for the weakened environment, resulting in a 55% increase in impairment charges over the comparative period.

Overcoming the challenges in the external environment, the Bank recorded healthy results from operating activities before all taxes and the share of subsidiary profits amounting to Rs. 791 Mn, which was an increase of 5% over the comparative period. The Profit after Tax of the Bank for the period under review grew by 44% to Rs. 455 Mn highlighting its steady progress during the first half of 2021.

The gross NPL ratio of the Bank reduced to 5.83% by end of the reporting period compared to 6.05% as of December 2020.

Total assets of the Bank stood at Rs. 121,244 Mn as of 30<sup>th</sup> June. The Bank's loans and receivables stood at Rs. 70,656 Mn reflecting a 5% YTD growth, while the deposits base was Rs. 85,132 Mn with a YTD growth of 3%. Within the period under review from January to June 2021, average CASA grew by 11% over the comparative period. Efforts of maintaining a healthy CASA inflow was supported by focused acquisition strategies driven by retail, corporate and SME banking segments despite the challenges in movement and restrictions in effect. The CASA ratio of the Bank was 28.5% by end of the reporting period.

The Bank continued to maintain its robust Capital Adequacy, reporting a Total Capital Ratio of 15.88% as at the reporting date.

The Bank's subsidiaries, UB Finance and NAMAL also continued to be impacted by the external environmental pressures and the Group consisting of the Bank and its two subsidiaries, reported a Profit before all taxes of Rs. 938 Mn for the 1<sup>st</sup> Half of 2021. The Profit after Tax of the Group in comparison to the corresponding period last year increased by 43%. Total assets of the Group were Rs.127,361 Mn of which 95% was represented by the Bank. The Group maintained a healthy Total Capital Ratio of 16.49% as at the reporting date.

Maintaining healthy liquidity levels and uninterrupted operations amidst challenges, while ensuring employee and customer safety remained key management priorities when operating through the pandemic stricken second quarter of the year. The Bank continued its close engagement with Retail, SME and Corporate customers through branches and relationships managers to identify their unique challenges and provide necessary banking assistance including the efficient roll-out of the CBSL relief schemes, for the much-needed financial ease during these uncertain times.

In line with its strategic plan on digital banking and enhancing its digital prowess during the period under review, Union Bank's Mobile Banking app was further enhanced and relaunched as 'UBgo' and was also linked with the Lanka QR standard to enable a seamless payment experience to its users. Lanka QR integration on the Union Bank Mobile App has enabled fast and secure, cashless payments directly through Union Bank accounts. This was a step in the direction of revolutionizing the digital banking experience of its customers as the Bank plans to continue to invest in and enhance its mobile banking app further to develop this as a key banking channel in the future. With continued commitment to enhance technology enabled banking conveniences, Union Bank also introduced the Missed Call Banking service during the month of June as an inclusive, wide-ranging mobile-based banking facility that can be accessed

with any type of mobile phone. It is a SMS-based notification service that provides account holders with an instant and secure means of obtaining their account balances on their mobile phone.

While operating as an essential service in the midst of the third wave, the Bank prioritised its focus on continuation of the comprehensive measures implemented to ensure the safety of customers and staff, resulting in stringent hygiene and safety practices across the branch network and Head Office premises while enabling work-from-home facilities to identified staff members to reduce exposure. Continuous access was made available for customers to reach the Bank's ATM network, online/mobile banking platforms and the 24-hour contact center further enabling a safe and secure banking experience, while strategically identified branches remained operative even amid travel restrictions to facilitate essential banking services.

**Commenting on the 1st half performance of the Bank, Director/Chief Executive Officer Indrajit Wickramasinghe said,** "The Bank's growth momentum in the second quarter of 2021 was impacted by the sudden outbreak of the third wave and its resultant impacts on the operating environment. With the development of the third wave, our key priority had to be adjusted once more towards extending the CBSL recommended credit relief to impacted customers in a bid to support them to cope with the continued financial pressures. During this challenging period while managing its bottom line, the Bank remained mindful in maintaining its healthy liquidity position, strong capital adequacy and ensuring the safety of customers and staff as a part of its sustainable business strategy. In the remainder of the year, while providing the much-needed financial impetus to our customers across Retail, Corporate and SME segments we will continue the focussed growth initiatives to drive performance while taking all due precautions to maintain optimum safety levels of our staff and customers."

**INTERIM FINANCIAL STATEMENTS**
**STATEMENT OF PROFIT OR LOSS**

Period ended 30 June 2021

	BANK						GROUP					
	For the six months ended			For the quarter ended			For the six months ended			For the quarter ended		
	30.06.2021 Rs.000	30.06.2020 Rs.000	Change %	30.06.2021 Rs.000	30.06.2020 Rs.000	Change %	30.06.2021 Rs.000	30.06.2020 Rs.000	Change %	30.06.2021 Rs.000	30.06.2020 Rs.000	Change %
<b>Gross Income</b>	5,673,460	7,103,445	(20)	2,801,554	3,524,307	(21)	6,515,821	7,958,447	(18)	3,177,522	3,917,687	(19)
Interest income	4,629,759	6,072,852	(24)	2,348,311	3,014,157	(22)	5,366,792	6,834,176	(21)	2,675,525	3,361,730	(20)
Less: Interest expenses	2,526,839	4,050,779	(38)	1,230,866	2,022,627	(39)	2,856,830	4,532,807	(37)	1,388,756	2,247,996	(38)
<b>Net interest income</b>	2,102,920	2,022,073	4	1,117,445	991,530	13	2,509,962	2,301,369	9	1,286,769	1,113,734	16
Fee and commission income	516,991	388,539	33	246,131	134,891	82	584,356	437,111	34	277,877	156,416	78
Less: Fee and commission expenses	110,374	101,936	8	55,109	49,242	12	120,544	104,919	15	58,225	49,749	17
<b>Net fee and commission income</b>	406,617	286,603	42	191,022	85,649	123	463,812	332,192	40	219,652	106,667	106
Net fair value gains / (losses) from financial instruments at fair value through profit or loss	156,516	324,542	(52)	78,078	193,320	(60)	157,841	326,778	(52)	78,763	194,269	(59)
Net gains/ (losses) from financial investments	153,341	217,643	(30)	46,279	159,598	(71)	153,978	217,846	(29)	46,917	159,776	(71)
Net gain/ (loss) from financial instruments designated at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-
Other operating income	216,853	99,869	117	82,755	22,341	270	252,854	142,536	77	98,440	45,496	116
<b>Total operating income</b>	3,036,247	2,950,730	3	1,515,579	1,452,438	4	3,538,447	3,320,722	7	1,730,541	1,619,942	7
<b>Less: Impairment for loans and other losses</b>	436,245	281,185	55	240,116	188,378	27	548,347	384,660	43	310,514	248,290	25
<b>Net operating income</b>	2,600,002	2,669,544	(3)	1,275,463	1,264,060	1	2,990,100	2,936,061	2	1,420,027	1,371,651	4
Less: Personnel expenses	907,904	929,223	(2)	452,537	430,491	5	1,041,062	1,055,907	(1)	528,226	492,110	7
Depreciation and amortisation	323,326	333,255	(3)	166,646	165,926	0	353,096	363,341	(3)	183,435	180,989	1
Other expenses	577,699	651,825	(11)	282,785	317,088	(11)	657,693	721,090	(9)	314,986	345,833	(9)
<b>Total operating expenses</b>	1,808,929	1,914,303	(6)	901,968	913,506	(1)	2,051,851	2,140,338	(4)	1,026,647	1,018,932	1
<b>Results from operating activities</b>	791,073	755,241	5	373,495	350,554	7	938,249	795,723	18	393,380	352,719	12
Share of profit of equity accounted investees, net of tax	(9,483)	(22,859)	59	(17,948)	(23,235)	23	-	-	-	-	-	-
<b>Profit before Value Added Tax on Financial Services</b>	781,590	732,383	7	355,547	327,320	9	938,249	795,723	18	393,380	352,719	12
Less: VAT on financial services	213,536	215,275	(1)	103,575	99,350	4	236,758	224,390	6	108,806	99,984	9
<b>Profit before tax</b>	568,054	517,108	10	251,972	227,970	11	701,491	571,333	23	284,574	252,735	13
Less: Tax expenses	113,179	200,845	(44)	79,503	91,664	(13)	219,585	235,481	(7)	103,567	111,670	(7)
<b>Profit after tax</b>	454,875	316,263	44	172,469	136,306	27	481,906	335,852	43	181,007	141,065	28
<b>Profit Attributable to:</b>												
Equity holders of the parent	454,875	316,263	44	172,469	136,306	27	483,734	344,777	40	186,668	149,875	25
Non-controlling interest	-	-	-	-	-	-	(1,828)	(8,925)	80	(5,661)	(8,810)	36
<b>Profit after tax</b>	454,875	316,263	44	172,469	136,306	27	481,906	335,852	43	181,007	141,065	28

**Earnings per share**

Earnings per share - Basic	0.42	0.29	44	0.16	0.13	27	0.45	0.32	40	0.17	0.14	25
Earnings per share - Diluted	0.42	0.29	44	0.16	0.13	27	0.45	0.32	40	0.17	0.14	25

	BANK						GROUP					
	For the six months ended			For the quarter ended			For the six months ended			For the quarter ended		
	30.06.2021 Rs.'000	30.06.2020 Rs.'000	Change %	30.06.2021 Rs.'000	30.06.2020 Rs.'000	Change %	30.06.2021 Rs.'000	30.06.2020 Rs.'000	Change %	30.06.2021 Rs.'000	30.06.2020 Rs.'000	Change %
<b>Profit for the period</b>	454,875	316,263	44	172,469	136,306	27	481,906	335,852	43	181,007	141,065	28
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>												
<i>Debt instruments at fair value through other comprehensive income</i>												
Net change in fair value during the period	(274,416)	753,197	(136)	(69,341)	667,176	(110)	(274,360)	751,175	(137)	(69,694)	669,537	(110)
Changes in allowance for expected credit loss	-	-	-	-	-	-	-	-	-	-	-	-
Less: Income tax effect on above	76,405	(210,895)	(136)	16,642	(186,809)	(109)	76,405	(210,895)	(136)	16,642	(186,809)	(109)
<b>Total items that will be reclassified to the statement of profit or loss</b>	(198,011)	542,302	(137)	(52,699)	480,367	(111)	(197,955)	540,280	(137)	(53,052)	482,728	(111)
<b>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</b>												
Actuarial gains and losses on defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation gains/ (losses) on equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	15,425	-	100	15,425	-	100
Less: Income tax effect on above	-	-	-	-	-	-	(3,702)	-	(100)	(3,702)	-	(100)
Share of other comprehensive income of equity accounted investees, net of tax	8,623	(1,031)	936	8,414	1,205	598	-	-	-	-	-	-
<b>Total items that will not be reclassified to the statement of profit or loss</b>	8,623	(1,031)	936	8,414	1,205	598	11,723	-	100	11,723	-	100
<b>Other comprehensive income for the period, net of tax</b>	(189,388)	541,271	(135)	(44,285)	481,572	(109)	(186,232)	540,280	(134)	(41,329)	482,728	(109)
<b>Total comprehensive income for the period, net of tax</b>	265,487	857,534	(69)	128,184	617,878	(79)	295,674	876,132	(66)	139,678	623,793	(78)
<b>Attributable to:</b>												
Equity holders of the parent	265,487	857,534	(69)	128,184	617,878	(79)	294,346	886,048	(67)	142,383	631,446	(77)
Non-controlling interest	-	-	-	-	-	-	1,328	(9,916)	113	(2,705)	(7,653)	65
<b>Total comprehensive income for the period, net of taxes</b>	265,487	857,534	(69)	128,184	617,878	(79)	295,674	876,132	(66)	139,678	623,793	(78)

**INTERIM FINANCIAL STATEMENTS**

**STATEMENT OF FINANCIAL POSITION**

As at 30 June 2021

	BANK			GROUP		
	30.06.2021 Rs.'000	31.12.2020 Rs.'000 Audited	Change %	30.06.2021 Rs.'000	31.12.2020 Rs.'000 Audited	Change %
<b>Assets</b>						
Cash and cash equivalents	2,306,098	2,405,091	(4)	2,467,060	2,832,540	(13)
Balances with Central Bank of Sri Lanka	964,359	722,727	33	964,359	722,727	33
Placements with banks	96,952	15,747	516	97,243	15,747	518
Reverse repurchased agreements	140,017	-	100	383,540	240,736	59
Derivative financial instruments	21,376	38,189	(44)	21,376	38,189	(44)
Financial investments at fair value through profit or loss	5,088,804	7,143,403	(29)	5,133,745	7,180,220	(29)
Financial investments designated at fair value through profit or loss	-	-	-	-	-	-
Financial assets at amortised cost - loans and advances to customers	70,656,321	67,517,674	5	76,697,561	73,776,668	4
Financial assets at amortised cost - debt and other instruments	18,560,188	21,168,076	(12)	17,958,938	20,509,495	(12)
Financial investments at fair value through other comprehensive income	18,504,217	19,385,038	(5)	18,531,911	19,397,252	(4)
Current tax assets	-	-	-	-	-	-
Investments in real estate	-	-	-	100,377	106,890	(6)
Investments in subsidiaries	876,073	882,478	(1)	-	-	-
Goodwill and intangible assets	1,300,200	1,314,234	(1)	1,642,220	1,661,555	(1)
Property, plant and equipment and Right of use assets	1,161,067	1,317,789	(12)	1,372,902	1,523,305	(10)
Deferred tax assets	85,060	-	100	426,110	445,436	(4)
Other assets	1,483,406	1,032,828	44	1,563,333	1,119,602	40
<b>Total assets</b>	<b>121,244,138</b>	<b>122,943,274</b>	<b>(1)</b>	<b>127,360,676</b>	<b>129,570,362</b>	<b>(2)</b>
<b>Liabilities</b>						
Due to banks	7,807,047	9,980,590	(22)	7,916,692	9,168,079	(14)
Derivative financial instruments	35,062	8,313	322	35,062	8,313	322
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-
Repurchased agreements	8,011,568	10,205,564	(21)	7,971,564	10,100,553	(21)
Due to other customers	85,131,596	82,383,852	3	89,693,781	87,104,192	3
Other borrowed funds	-	-	-	1,086,058	2,347,634	(54)
Debt securities issued	-	-	-	-	-	-
Subordinated term debts	-	-	-	-	-	-
Current tax liabilities	282,804	262,689	8	317,378	471,398	(33)
Deferred tax liabilities	-	53,841	(100)	294	54,135	(99)
Other provisions	-	-	-	-	-	-
Other liabilities	1,761,421	1,958,408	(10)	2,120,081	2,251,102	(6)
<b>Total liabilities</b>	<b>103,029,497</b>	<b>104,853,257</b>	<b>(2)</b>	<b>109,140,909</b>	<b>111,505,406</b>	<b>(2)</b>

**INTERIM FINANCIAL STATEMENTS**  
**STATEMENT OF FINANCIAL POSITION**

As at 30 June 2021

	BANK			GROUP		
	30.06.2021 Rs.'000	31.12.2020 Rs.'000 Audited	Change %	30.06.2021 Rs.'000	31.12.2020 Rs.'000 Audited	Change %
<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	226,971	204,227	11	251,591	228,847	10
ESOP reserve	23,500	23,500	0	23,500	23,500	0
FVOCI reserve	28,452	217,840	(87)	32,093	230,076	(86)
Retained earnings	1,535,452	1,244,184	23	1,280,396	951,674	35
<b>Total equity attributable to equity holders of the bank</b>	<b>18,214,641</b>	<b>18,090,017</b>	<b>1</b>	<b>17,987,846</b>	<b>17,834,363</b>	<b>1</b>
Non-controlling interests	-	-		231,921	230,593	1
<b>Total equity</b>	<b>18,214,641</b>	<b>18,090,017</b>	<b>1</b>	<b>18,219,767</b>	<b>18,064,956</b>	<b>1</b>
<b>Total equity and liabilities</b>	<b>121,244,138</b>	<b>122,943,274</b>	<b>(1)</b>	<b>127,360,676</b>	<b>129,570,362</b>	<b>(2)</b>
<b>Contingent liabilities and commitments</b>	<b>35,934,438</b>	<b>40,214,886</b>	<b>(11)</b>	<b>36,072,502</b>	<b>40,360,918</b>	<b>(11)</b>
<b>Net asset value per share (Rs.)</b>	<b>16.81</b>	<b>16.70</b>		<b>16.60</b>	<b>16.46</b>	
<b>Memorandum information</b>						
Number of Employees	1,219	1,275				
Number of Branches	67	67				

**CERTIFICATION:**

We, the undersigned, being the Deputy Chairman, Director/ Chief Executive Officer and Financial Controller 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.

.....  
Ayesha Naotunna  
Financial Controller

Sgd.

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Indrajit Wickramasinghe  
Director/ Chief Executive Officer

Sgd.

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Sabry Ghouse  
Deputy Chairman

Date: 30 July 2021

<b>BANK</b>	Statutory Reserve						<b>Total Equity</b>
	<b>Stated Capital</b>	<b>Share Warrants</b>	<b>Fund</b>	<b>ESOP Reserve</b>	<b>FVOCI Reserve</b>	<b>Retained Earnings</b>	
	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>
<b>Balance as at 1 January 2020</b>	16,334,782	65,484	175,400	51,426	44,549	838,815	17,510,456
<b>Total comprehensive income for the period</b>							
Net profit for the period	-	-	-	-	-	316,263	316,263
Other comprehensive Income	-	-	-	-	541,271	-	541,271
<b>Total comprehensive Income</b>	-	-	-	-	541,271	316,263	857,534
<b>Transactions with equity holders, recognised directly in equity</b>							
Fair value of ESOP	-	-	-	3,177	-	-	3,177
Transfers during the period	-	-	15,813	-	-	(15,813)	-
Dividend Paid	-	-	-	-	-	(151,698)	(151,698)
<b>Balance as at 30 June 2020</b>	16,334,782	65,484	191,213	54,603	585,820	987,567	18,219,469
<b>Balance as at 1 January 2021</b>	16,334,782	65,484	204,227	23,500	217,840	1,244,184	18,090,017
<b>Total comprehensive income for the period</b>							
Net profit for the period	-	-	-	-	-	454,875	454,875
Other comprehensive Income	-	-	-	-	(189,388)	-	(189,388)
<b>Total comprehensive Income</b>	-	-	-	-	(189,388)	454,875	265,487
<b>Transactions with equity holders, recognised directly in equity</b>							
Transfers during the period	-	-	22,744	-	-	(22,744)	-
Dividend Paid	-	-	-	-	-	(140,863)	(140,863)
<b>Balance as at 30 June 2021</b>	16,334,782	65,484	226,971	23,500	28,452	1,535,452	18,214,641

<b>GROUP</b>	Statutory Reserve						<b>Total</b>	<b>Non-controlling Interest</b>	<b>Total Equity</b>
	<b>Stated Capital</b>	<b>Share Warrants</b>	<b>Fund</b>	<b>ESOP Reserve</b>	<b>FVOCI Reserve</b>	<b>Retained Earnings</b>			
	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	
<b>Balance as at 1 January 2020</b>	16,334,782	65,484	200,020	51,426	56,785	490,129	17,198,626	240,645	17,439,271
<b>Total comprehensive income for the period</b>									
Net profit for the period	-	-	-	-	-	344,777	344,777	(8,925)	335,852
Other comprehensive Income	-	-	-	-	541,271	-	541,271	(991)	540,280
<b>Total comprehensive Income</b>	-	-	-	-	541,271	344,777	886,048	(9,916)	876,132
<b>Transactions with equity holders, recognised directly in equity</b>									
Fair value of ESOP	-	-	-	3,177	-	-	3,177	-	3,177
Transfers during the period	-	-	15,813	-	-	(15,813)	-	-	-
Dividend Paid	-	-	-	-	-	(151,698)	(151,698)	-	(151,698)
<b>Balance as at 30 June 2020</b>	16,334,782	65,484	215,833	54,603	598,056	667,395	17,936,153	230,729	18,166,882
<b>Balance as at 1 January 2021</b>	16,334,782	65,484	228,847	23,500	230,076	951,674	17,834,363	230,593	18,064,956
<b>Total comprehensive income for the period</b>									
Net profit for the period	-	-	-	-	-	483,734	483,734	(1,828)	481,906
Other comprehensive Income	-	-	-	-	(197,983)	8,595	(189,388)	3,156	(186,232)
<b>Total comprehensive Income</b>	-	-	-	-	(197,983)	492,329	294,346	1,328	295,674
<b>Transactions with equity holders, recognised directly in equity</b>									
Transfers during the period	-	-	22,744	-	-	(22,744)	-	-	-
Dividend Paid	-	-	-	-	-	(140,863)	(140,863)	-	(140,863)
<b>Balance as at 30 June 2021</b>	16,334,782	65,484	251,591	23,500	32,093	1,280,396	17,987,846	231,921	18,219,767

# INTERIM FINANCIAL STATEMENTS

## STATEMENT OF CASH FLOWS

Period ended 30 June 2021

	BANK		GROUP	
	30.06.2021 Rs.'000	30.06.2020 Rs.'000	30.06.2021 Rs.'000	30.06.2020 Rs.'000
<b>Cash flow from operating activities</b>				
Interest received	3,899,488	4,790,119	4,414,345	5,517,749
Fees and commission receipts	406,616	286,604	463,812	332,191
Interest paid	(2,952,270)	(3,921,642)	(3,299,242)	(4,601,028)
Receipts from Other operating activities	478,348	631,959	516,312	677,066
Payments on Other operating activities	(1,837,722)	(1,904,355)	(2,118,395)	(2,106,718)
<b>Operating profit/(loss) before changes in operating assets &amp; liabilities</b>	(5,540)	(117,315)	(23,168)	(180,740)
<b>(Increase)/decrease in operating assets:</b>				
Balance with Central Bank of Sri Lanka	(241,632)	1,592,483	(241,632)	1,592,483
Funds advanced to customers	(2,833,651)	2,200,042	(2,628,545)	2,812,676
Others	(405,417)	(129,979)	(374,766)	(119,426)
	(3,480,700)	3,662,546	(3,244,943)	4,285,733
<b>Increase /(decrease) in operating liabilities:</b>				
Due to other customers	3,104,824	3,233,802	2,990,467	2,521,853
Repurchased agreements	(2,201,426)	4,192,530	(2,136,419)	4,062,514
Other liabilities	10,610	(341,762)	58,374	(258,473)
	914,008	7,084,570	912,424	6,325,894
<b>Net cash from/(used in) operating activities before income tax</b>	(2,572,233)	10,629,801	(2,355,687)	10,430,887
Retirement benefit obligation paid	(3,141)	(11,100)	(3,897)	(11,845)
Income tax paid	(155,559)	(18,582)	(333,014)	(19,192)
<b>Net cash from/ (used in) operating activities</b>	(2,730,933)	10,600,119	(2,692,599)	10,399,850
<b>Cash flow from/(used in) investing activities</b>				
Net financial investment at fair value through profit or loss	2,045,576	(728,803)	2,013,843	(728,803)
Net financial assets at amortised cost - Debt and other instruments	2,672,982	(5,960,552)	2,661,162	(5,952,961)
Net financial investment at fair value through other comprehensive income	526,093	(2,284,417)	510,668	(2,337,435)
Net investment in real estates	-	-	6,514	1,422
Purchase of property & equipment	(95,106)	(83,749)	(50,886)	(88,008)
Purchase of intangible assets	(80,120)	(95,070)	(81,597)	(95,684)
Proceeds from sale of property & equipment	-	14	-	14
<b>Net cash from/ (used in) investing activities</b>	5,069,425	(9,152,577)	5,059,704	(9,201,455)
<b>Cash flow from/(used in) financing activities</b>				
Increase in borrowings	(2,107,440)	(1,284,292)	(2,276,469)	(645,933)
Dividend paid	(140,863)	(151,698)	(140,863)	(151,698)
<b>Net cash from/ (used in) financing activities</b>	(2,248,303)	(1,435,990)	(2,417,332)	(797,631)
Net increase/(decrease) in cash and cash equivalents	90,189	11,552	(50,226)	400,764
Cash and cash equivalents at beginning of the year	2,414,598	3,053,031	2,850,142	3,034,999
<b>Cash and cash equivalents at end of the period</b>	2,504,787	3,064,583	2,799,916	3,435,763
<b>Reconciliation of cash and cash equivalents</b>				
Cash in hand and at banks	2,306,098	2,546,829	2,467,060	3,008,943
Reverse repurchased agreements	140,000	541,682	383,522	776,521
Placements with banks	96,945	91,707	97,235	97,375
Due to banks - Unfavorable balances with banks	(38,256)	(115,634)	(147,902)	(447,076)
	2,504,787	3,064,583	2,799,916	3,435,763

**INTERIM FINANCIAL STATEMENTS**

**STATEMENT OF CASH FLOWS**

Period ended 30 June 2021

**Reconciliation of liabilities arising from financing activities**

For the period ended 30 June 2021	30 June 2021 Rs.'000	Cash change - Cash flow Rs.'000	Non cash change - Foreign exchange movement Rs.'000	1 Jan 2021 Rs.'000
<b>BANK</b>				
Due to banks	7,329,655	(2,117,814)	(55,729)	9,503,198
Other borrowed funds	-	-	-	-
Less : Unfavorable balances with banks	(38,256)	(32,017)	-	(6,240)
Less : Interest payable	(69,024)	42,389	-	(111,413)
	<b>7,222,375</b>	<b>(2,107,442)</b>	<b>(55,729)</b>	<b>9,385,546</b>
<b>GROUP</b>				
Due to banks	7,439,300	(1,195,657)	(55,729)	8,690,687
Other borrowed funds	1,086,058	(1,261,576)	-	2,347,634
Less : Unfavorable balances with banks	(147,902)	90,980	-	(238,881)
Less : Interest payable	(175,329)	89,786	-	(265,115)
	<b>8,202,127</b>	<b>(2,276,468)</b>	<b>(55,729)</b>	<b>10,534,324</b>
<b>For the period ended 30 June 2020</b>				
	30 June 2020 Rs.'000	Cash change - Cash flow Rs.'000	Non cash change - Foreign exchange movement Rs.'000	1 Jan 2020 Rs.'000
<b>BANK</b>				
Due to banks	9,678,349	(1,328,722)	9,288	10,997,784
Other borrowed funds	1,245,016	2,566	-	1,242,450
Less : Unfavorable balances with banks	(115,634)	71,180	-	(186,814)
Less : Interest payable	(174,398)	(29,314)	-	(145,084)
	<b>10,633,333</b>	<b>(1,284,292)</b>	<b>9,288</b>	<b>11,908,336</b>
<b>GROUP</b>				
Due to banks	10,009,791	(1,124,071)	9,288	11,124,574
Other borrowed funds	2,285,549	(228,509)	-	2,514,058
Less : Unfavorable balances with banks	(447,076)	726,209	-	(1,173,285)
Less : Interest payable	(324,239)	(19,562)	-	(304,677)
	<b>11,524,025</b>	<b>(645,933)</b>	<b>9,288</b>	<b>12,160,670</b>

- 1 There are no changes to the accounting policies and methods of computation since the publication of annual accounts for the year 2020.
- 2 There are no material changes during the period 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 Impact due to the third wave of COVID 19 pandemic**

During the first quarter of 2021, local and most of the international economies have shown signs of recovery from the impact of the COVID-19 Pandemic. However, pursuant to onset of the third wave of the pandemic in Sri Lanka, the Central Bank introduced a new moratorium scheme vide circular "No. 05 of 2021" to support the individuals and businesses affected by same. Among other concessions, this also included discontinuation of certain fees during the moratorium period.

The reliefs provided under the aforesaid moratorium scheme have negative impacts on the earnings and cash flows/liquidity positions of the Bank. However, the management is of the view that such negative impacts would not pose any additional stress on the Bank's ability to maintain its regulatory capital margins, which is currently well above the regulatory requirements. The Bank has increased its liquidity buffers on a prudent basis and maintains a strong excess liquidity position.

In the above circumstances, the Bank continued to follow its impairment models with the same assumptions that were applied in December 2020. Accordingly, for the purpose of impairment calculations, the Bank continued to consider customers operating in risk elevated industries, which are identified as industries with a significant increase in credit risk, under stage 2 or stage 3 impairment based on the independent assessments of the respective customers. Further, the higher weightage applied to the worst case macro-economic scenario have continued to be applied in the expected credit loss calculations as well.

- 6 Final dividend of Rs. 0.13 per share for the year ended December 31, 2020 was declared on 31st March 2021.
- 7 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;
- 7.1 Dr. Roshan Anne Perera appointed as an Independent, Non-Executive Director to the Board with effective from 05 July 2021.
- 8 In accordance with the guideline on application of tax rates in measurement of current tax and deferred tax in LKAS 12 - Income Taxes, 24% income tax rate has been applied retrospectively in the Financial Statements.

**9 Information on Ordinary Shares**

<b>Market Value</b>	<b>30.06.2021</b>	<b>30.06.2020</b>
	<b>Rs.</b>	<b>Rs.</b>
Last traded price	11.20	9.70
Highest price for the quarter	12.40	10.30
Lowest price for the quarter	10.20	6.50

10. ANALYSIS OF LOANS & ADVANCES TO CUSTOMERS AND IMPAIRMENT

10.1 Product-wise Gross Loans & Advances

	BANK		GROUP	
	30.06.2021 Rs.'000	31.12.2020 Rs.'000 Audited	30.06.2021 Rs.'000	31.12.2020 Rs.'000 Audited
Term loans	41,225,295	40,830,272	42,582,984	42,251,366
Overdrafts	10,997,198	10,934,523	10,909,551	10,846,252
Trade finance	3,530,067	1,544,214	3,530,067	1,544,214
Lease and hire purchase	351,459	462,816	3,777,594	4,212,687
Factoring	213,645	189,911	1,707,755	1,472,497
Pawning & Gold loans	344,106	337,254	820,821	879,371
Credit cards	1,954,553	1,709,462	1,954,553	1,709,462
Staff loans	1,237,493	1,150,428	1,260,624	1,172,971
<b>By Product - Local Currency</b>	<b>59,853,816</b>	<b>57,158,880</b>	<b>66,543,949</b>	<b>64,088,820</b>
Term loans	6,053,026	6,236,680	6,053,026	6,236,680
Overdrafts	62,976	147,780	62,976	147,780
Trade finance	7,546,320	6,451,440	7,546,320	6,451,440
<b>By Product - Foreign Currency</b>	<b>13,662,322</b>	<b>12,835,900</b>	<b>13,662,322</b>	<b>12,835,900</b>
<b>Total Loans and Receivables</b>	<b>73,516,138</b>	<b>69,994,780</b>	<b>80,206,271</b>	<b>76,924,720</b>

10.2 Stage-wise impairment on loans & advances to customers

	BANK		GROUP	
	30.06.2021 Rs.'000	31.12.2020 Rs.'000 Audited	30.06.2021 Rs.'000	31.12.2020 Rs.'000 Audited
Gross loans and advances (Note 10.1)	73,516,138	69,994,780	80,206,271	76,924,720
Less: Accumulated impairment under stage 1	(422,817)	(449,460)	(467,889)	(500,946)
Accumulated impairment under stage 2	(283,511)	(232,072)	(354,626)	(304,689)
Accumulated impairment under stage 3	(2,153,491)	(1,795,574)	(2,686,195)	(2,342,417)
<b>Net value of loans and advances</b>	<b>70,656,321</b>	<b>67,517,674</b>	<b>76,697,561</b>	<b>73,776,668</b>

10.3 Movement of impairment during the period for Loans and Advances to customers

	Stage 1	Stage 2	Stage 3	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>BANK</b>				
Opening balance as at 1 January 2021	449,460	232,072	1,795,574	2,477,106
Charge/(reversal) to statement of profit or loss	(20,097)	51,439	400,790	432,132
Net write-off during the period	-	-	(42,873)	(42,873)
Other Adjustments	(6,546)	-	-	(6,546)
Closing Balance as at 30 June 2021	422,817	283,511	2,153,491	2,859,819
<b>GROUP</b>				
Opening balance as at 1 January 2021	500,946	304,689	2,342,417	3,148,052
Charge/(reversal) to statement of profit or loss	(26,511)	49,937	517,872	541,298
Net write-off during the period	-	-	(174,094)	(174,094)
Other Adjustments	(6,546)	-	-	(6,546)
Closing Balance as at 30 June 2021	467,889	354,626	2,686,195	3,508,710
<b>BANK - (Audited)</b>				
Opening balance as at 1 January 2020	397,970	57,832	1,501,940	1,957,742
Charge to statement of profit or loss	57,323	174,240	386,846	618,409
Other adjustments	(5,833)	-	-	(5,833)
Net write-off during the year	-	-	(93,212)	(93,212)
Closing Balance as at 31 December 2020	449,460	232,072	1,795,574	2,477,106
<b>GROUP - (Audited)</b>				
Opening balance as at 1 January 2020	463,481	139,319	2,015,009	2,617,809
Charge to statement of profit or loss	43,298	165,370	649,245	857,913
Other adjustments	(5,833)	-	-	(5,833)
Net write-off during the year	-	-	(321,837)	(321,837)
Closing Balance as at 31 December 2020	500,946	304,689	2,342,417	3,148,052

11. ANALYSIS OF DUE TO OTHER CUSTOMERS

	BANK		GROUP	
	30.06.2021 Rs.'000	31.12.2020 Rs.'000 Audited	30.06.2021 Rs.'000	31.12.2020 Rs.'000 Audited
<b>Local Currency Deposits</b>				
Demand deposits	4,091,500	4,026,765	4,085,557	4,024,209
Savings deposits	14,397,205	13,341,615	14,248,543	13,332,000
Fixed deposits	48,098,805	49,218,664	52,815,595	53,951,175
Other deposits	1,963,834	2,303,561	1,963,834	2,303,561
<b>Total</b>	<b>68,551,344</b>	<b>68,890,605</b>	<b>73,113,529</b>	<b>73,610,945</b>
<b>Foreign Currency Deposits</b>				
Demand deposits	259,382	782,772	259,382	782,772
Savings deposits	5,508,733	6,359,212	5,508,733	6,359,212
Fixed deposits	10,812,137	6,351,263	10,812,137	6,351,263
<b>Total</b>	<b>16,580,252</b>	<b>13,493,247</b>	<b>16,580,252</b>	<b>13,493,247</b>
<b>Total Deposits</b>	<b>85,131,596</b>	<b>82,383,852</b>	<b>89,693,781</b>	<b>87,104,192</b>

**12. ANALYSIS OF COMMITMENTS, CONTINGENCIES AND IMPAIRMENT**

**12.1 Product-wise Commitments and Contingencies**

	BANK		GROUP	
	30.06.2021 Rs.'000	31.12.2020 Rs.'000 Audited	30.06.2021 Rs.'000	31.12.2020 Rs.'000 Audited
Undrawn loan commitments	11,362,684	10,863,386	11,500,748	11,009,418
Guarantees	5,296,521	5,101,842	5,296,521	5,101,842
Documentary credit	22,436	141,591	22,436	141,591
Forward contracts	1,565,865	2,055,225	1,565,865	2,055,225
Cheque pending for realisation	354,884	322,110	354,884	322,110
Spot contracts	-	419,075	-	419,075
Acceptances	3,731	-	3,731	-
Forward Bonds	49,115	-	49,115	-
Other contingent items	314,575	342,239	314,575	342,239
<b>By Product - Local Currency</b>	<b>18,969,811</b>	<b>19,245,468</b>	<b>19,107,875</b>	<b>19,391,500</b>
Undrawn loan commitments	1,591,127	4,994,160	1,591,127	4,994,160
Guarantees	4,230,870	4,123,292	4,230,870	4,123,292
Documentary credit	4,383,933	3,448,149	4,383,933	3,448,149
Forward contracts	2,221,107	2,836,262	2,221,107	2,836,262
Spot contracts	293,430	176,049	293,430	176,049
Acceptances	3,570,644	4,763,752	3,570,644	4,763,752
Other contingent items	673,516	627,754	673,516	627,754
<b>By Product - Foreign Currency</b>	<b>16,964,627</b>	<b>20,969,418</b>	<b>16,964,627</b>	<b>20,969,418</b>
<b>Commitments and Contingencies</b>	<b>35,934,438</b>	<b>40,214,886</b>	<b>36,072,502</b>	<b>40,360,918</b>

**12.2 Stage-wise impairment on Commitment and Contingencies**

	BANK		GROUP	
	30.06.2021 Rs.'000	31.12.2020 Rs.'000 Audited	30.06.2021 Rs.'000	31.12.2020 Rs.'000 Audited
Gross Commitments and Contingencies (Note 12.1)	35,934,438	40,214,886	36,072,502	40,360,918
Less: Accumulated impairment under stage 1	(74,917)	(84,870)	(75,467)	(84,870)
Accumulated impairment under stage 2	(3,582)	(5,921)	(3,486)	(8,160)
Accumulated impairment under stage 3	(4,970)	(3,543)	(31,615)	(25,891)
<b>Net value of commitments and contingencies</b>	<b>35,850,969</b>	<b>40,120,552</b>	<b>35,961,934</b>	<b>40,241,997</b>

**12.3 Movement of impairment during the period for Commitments & Contingencies**

	Stage 1 Rs.'000	Stage 2 Rs.'000	Stage 3 Rs.'000	Total Rs.'000
<b>BANK</b>				
Opening balance as at 1 January 2021	84,870	5,921	3,543	94,334
Charge/(reversal) to statement of profit or loss	(9,953)	(2,339)	1,427	(10,866)
Net write-off during the period	-	-	-	-
Closing Balance as at 30 June 2021	74,917	3,582	4,970	83,469
<b>GROUP</b>				
Opening balance as at 1 January 2021	84,870	8,160	25,891	118,921
Charge to statement of profit or loss	(9,403)	(4,674)	5,724	(8,354)
Net write-off during the period	-	-	-	-
Closing Balance as at 30 June 2021	75,467	3,486	31,615	110,568
<b>BANK - (Audited)</b>				
Opening balance as at 1 January 2020	72,786	4,103	4,697	81,586
Charge to statement of profit or loss	12,084	1,818	(1,154)	12,748
Net write-off during the year	-	-	-	-
Closing Balance as at 31 December 2020	84,870	5,921	3,543	94,334
<b>GROUP - (Audited)</b>				
Opening balance as at 1 January 2020	72,786	4,103	57,847	134,736
Charge to statement of profit or loss	12,084	4,057	(31,956)	(15,815)
Net write-off during the year	-	-	-	-
Closing Balance as at 31 December 2020	84,870	8,160	25,891	118,921

## SEGMENTAL ANALYSIS - GROUP

Period ended 30 June	Corporate		SME		Retail		Treasury		Other Group Companies		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Interest Income	1,286,143	1,963,264	1,136,083	1,471,084	1,204,102	1,658,025	893,784	860,226	846,681	881,577	5,366,792	6,834,176
Add: Inter-Segment Interest Income	-	-	-	-	888,926	1,229,600	176,238	479,823	-	-	1,065,164	1,709,423
<b>Total Interest Income</b>	1,286,143	1,963,264	1,136,083	1,471,084	2,093,029	2,887,625	1,070,021	1,340,049	846,681	881,577	6,431,956	8,543,599
Less: Interest Expense	299,700	405,364	411,448	674,607	1,527,246	2,256,069	292,763	711,387	325,674	485,380	2,856,830	4,532,807
Less: Inter-Segment Interest Expense	643,564	1,119,167	421,599	590,256	-	-	-	-	-	-	1,065,164	1,709,423
<b>Net Interest Income</b>	342,879	438,733	303,036	206,221	565,783	631,556	777,258	628,662	521,006	396,198	2,509,962	2,301,369
Other Income	114,357	84,397	86,699	85,166	228,660	145,129	504,741	628,910	94,030	75,752	1,028,486	1,019,353
<b>Total Net Income</b>	457,235	523,130	389,735	291,387	794,443	776,685	1,282,000	1,242,572	615,036	591,868	3,538,448	3,320,722
<b>Less :</b>												
Impairment	44,543	34,199	203,326	108,399	39,563	103,835	150,295	34,798	110,621	103,429	548,347	384,660
Depreciation & amortisation	50,918	40,027	92,078	71,299	139,109	182,307	41,220	39,622	29,770	30,086	353,096	363,341
Other expenses	132,893	141,849	373,927	420,706	868,965	882,931	119,017	138,288	203,954	193,223	1,698,755	1,776,997
<b>Segmental Results</b>	228,882	307,055	(279,597)	(309,016)	(253,195)	(392,389)	971,468	1,029,864	270,692	160,210	938,250	795,724
Less: VAT on Financial Services											236,758	224,390
Less: Taxation											219,585	235,481
<b>Profit after Taxation</b>											481,906	335,852
<b>As at 30 June</b>												
<b>Other Information</b>												
Segment Assets	35,130,894	36,516,000	22,121,003	23,788,919	13,483,588	15,787,000	38,500,377	40,729,747	13,120,250	14,024,969	122,356,113	130,846,636
Unallocated											5,004,564	4,877,296
<b>Consolidated Total Assets</b>											127,360,676	135,723,932
Segment Liabilities	16,649,463	12,219,000	13,733,990	11,933,826	52,675,655	54,176,000	15,072,294	26,269,984	8,571,753	9,516,264	106,703,156	114,115,074
Unallocated											2,437,753	3,441,976
<b>Consolidated Total Liabilities</b>											109,140,909	117,557,050
Cash flow from operating activities	(427,391)	6,808,005	(364,296)	3,792,114	(742,589)	10,107,792	(1,198,322)	16,170,854	39,999	(26,478,916)	(2,692,599)	10,399,850
Cash flow from investing activities	(27,406)	(114,839)	(23,360)	(63,966)	(47,618)	(170,500)	5,167,809	(9,246,546)	(9,720)	394,397	5,059,704	(9,201,455)
Cash flow from financing activities	-	-	-	-	-	-	(2,248,304)	(1,435,990)	(169,026)	638,359	(2,417,330)	(797,631)

## INTERIM FINANCIAL STATEMENTS

### INFORMATION ON ORDINARY SHARES OF THE BANK

As at 30th June 2021

#### TOP 20 SHAREHOLDERS

Name	No. of shares as at 30.06.2021	% holding
1 Culture Financial Holdings Ltd	767,558,888	70.84%
2 Vista Knowledge Pte Ltd	64,677,973	5.97%
3 Associated Electrical Corporation Ltd	29,237,387	2.70%
4 Mr. D.A.J. Warnakulasuriya	19,842,730	1.83%
5 Mr. C.P.A. Wijeyesekera	18,375,314	1.70%
6 Mr. A.I. Lovell	17,183,523	1.59%
7 Ashyaki Holdings (Pvt) Ltd	7,792,806	0.72%
8 Mr. S.P. Khattar	7,323,365	0.68%
9 Mr. A. De Zoysa	6,598,943	0.61%
10 Anverally International (Pvt) Limited	4,749,287	0.44%
11 Mr. A.I.T. Hettiarachchi	3,848,735	0.36%
12 Seylan Bank PLC/ Malik Devapriya Samarawickrama	3,370,434	0.31%
13 Ajita De Zoysa & Company Limited	3,110,183	0.29%
14 Commercial Agencies (Ceylon) Ltd.	2,973,748	0.27%
15 Mr. S.N.W. Ekanayake	2,395,399	0.22%
16 Dr. T. Senthilvel	2,123,890	0.20%
17 Mr. L.M. Anthony	2,107,527	0.19%
18 Mr. W.A.S.P. De Saram	1,608,327	0.15%
19 Mr. S. Vasudevan	1,580,080	0.15%
20 Mr. D.G. Wirasekara	1,500,000	0.14%
	<b>967,958,539</b>	<b>89.36%</b>
Other shareholders	115,599,799	10.64%
<b>Total</b>	<b>1,083,558,338</b>	<b>100.00%</b>

#### As at 30th June 2021

Number of shares in public holding	315,989,650
Number of public shareholders	29,977
Percentage of public holding	29.16%
Market capitalisation (Rs.)	12,135,853,386
Float adjusted market capitalisation	3,539,084,020
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 30.06.2021
Mr. Atul Malik	None
Mr. Indrajit Asela Wickramasinghe	None
Mr. Sabry Ghouse	None
Mr. Michael J. O'Hanlon	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 30th June 2021 complied with option 4 of rule 7.13.1 (a) of the Listing Rules of the Colombo Stock Exchange.

**MEASUREMENT OF FINANCIAL INSTRUMENTS**

**Bank - As at 30 June 2021**

	Fair Value through P&L Rs.000	Fair Value through OCI Rs.000	Amortised cost Rs.000	Total Rs.000
<b>ASSETS</b>				
Cash and cash equivalents	-	-	2,306,098	2,306,098
Balances with Central Bank of Sri Lanka	-	-	964,359	964,359
Placements with banks	-	-	96,952	96,952
Reverse repurchased agreements	-	-	140,017	140,017
Derivative financial instruments	21,376	-	-	21,376
Financial investments at fair value through profit or loss	5,088,804	-	-	5,088,804
Financial assets at amortised cost - loans and advances to customers	-	-	70,656,321	70,656,321
Financial assets at amortised cost - debt and other instruments	-	-	18,560,188	18,560,188
Financial investments at fair value through other comprehensive income	-	18,504,217	-	18,504,217
Other financial assets	-	-	287,987	287,987
<b>Total financial assets</b>	<b>5,110,180</b>	<b>18,504,217</b>	<b>93,011,922</b>	<b>116,626,319</b>

	Fair Value through P&L Rs.000	Amortised cost Rs.000	Total Rs.000
<b>LIABILITIES</b>			
Due to banks	-	7,807,047	7,807,047
Derivative financial instruments	35,062	-	35,062
Repurchased agreements	-	8,011,568	8,011,568
Due to customers	-	85,131,596	85,131,596
Other borrowed funds	-	-	-
Other financial liabilities	-	952,183	952,183
<b>Total financial liabilities</b>	<b>35,062</b>	<b>101,902,393</b>	<b>101,937,456</b>

**Bank - As at 31 December 2020 (Audited)**

	Fair Value through P&L Rs.000	Fair Value through OCI Rs.000	Amortised cost Rs.000	Total Rs.000
<b>ASSETS</b>				
Cash and cash equivalents	-	-	2,405,091	2,405,091
Balances with Central Bank of Sri Lanka	-	-	722,727	722,727
Placements with banks	-	-	15,747	15,747
Reverse repurchased agreements	-	-	-	-
Derivative financial instruments	38,189	-	-	38,189
Financial investments at fair value through profit or loss	7,143,403	-	-	7,143,403
Financial assets at amortised cost - loans and advances to customers	-	-	67,517,674	67,517,674
Financial assets at amortised cost - debt and other instruments	-	-	21,168,076	21,168,076
Financial investments at fair value through other comprehensive income	-	19,385,038	-	19,385,038
Other financial assets	-	-	147,865	147,865
<b>Total financial assets</b>	<b>7,181,592</b>	<b>19,385,038</b>	<b>91,977,180</b>	<b>118,543,810</b>

	Fair Value through P&L Rs.000	Amortised cost Rs.000	Total Rs.000
<b>LIABILITIES</b>			
Due to banks	-	9,980,590	9,980,590
Derivative financial instruments	8,313	-	8,313
Repurchased agreements	-	10,205,564	10,205,564
Due to customers	-	82,383,852	82,383,852
Other borrowed funds	-	-	-
Other financial liabilities	-	1,059,919	1,059,919
<b>Total financial liabilities</b>	<b>8,313</b>	<b>103,629,925</b>	<b>103,638,238</b>

**INTERIM FINANCIAL STATEMENTS**  
**NOTES TO THE FINANCIAL STATEMENTS**

As at 30 June 2021

**MEASUREMENT OF FINANCIAL INSTRUMENTS**

**Group - As at 30 June 2021**

	Fair Value through P&L Rs.000	Fair Value through OCI Rs.000	Amortised Cost Rs.000	Total Rs.000
<b>ASSETS</b>				
Cash and cash equivalents	-	-	2,467,060	2,467,060
Balances with Central Bank of Sri Lanka	-	-	964,359	964,359
Placements with banks	-	-	97,243	97,243
Reverse repurchased agreements	-	-	383,540	383,540
Derivative financial instruments	21,376	-	-	21,376
Financial investments at fair value through profit or loss	5,133,745	-	-	5,133,745
Financial assets at amortised cost - loans and advances to customers	-	-	76,697,561	76,697,561
Financial assets at amortised cost - debt and other instruments	-	-	17,958,938	17,958,938
Financial investments at fair value through other comprehensive income	-	18,531,911	-	18,531,911
Other financial assets	-	-	292,743	292,743
<b>Total financial assets</b>	<b>5,155,121</b>	<b>18,531,911</b>	<b>98,861,444</b>	<b>122,548,477</b>

	Fair Value through P&L Rs.000	Amortised Cost Rs.000	Total Rs.000
<b>LIABILITIES</b>			
Due to banks	-	7,916,692	7,916,692
Derivative financial instruments	35,062	-	35,062
Repurchased agreements	-	7,971,564	7,971,564
Due to customers	-	89,693,781	89,693,781
Other borrowed funds	-	1,086,058	1,086,058
Other financial liabilities	-	1,059,833	1,059,833
<b>Total financial liabilities</b>	<b>35,062</b>	<b>107,727,928</b>	<b>107,762,989</b>

**Group - As at 31 December 2020 (Audited)**

	Fair Value through P&L Rs.000	Fair Value through OCI Rs.000	Amortised Cost Rs.000	Total Rs.000
<b>ASSETS</b>				
Cash and cash equivalents	-	-	2,832,540	2,832,540
Balances with Central Bank of Sri Lanka	-	-	722,727	722,727
Placements with banks	-	-	15,747	15,747
Reverse repurchased agreements	-	-	240,736	240,736
Derivative financial instruments	38,189	-	-	38,189
Financial investments at fair value through profit or loss	7,180,220	-	-	7,180,220
Financial assets at amortised cost - loans and advances to customers	-	-	73,776,668	73,776,668
Financial assets at amortised cost - debt and other instruments	-	-	20,509,495	20,509,495
Financial investments at fair value through other comprehensive income	-	19,397,252	-	19,397,252
Other financial assets	-	-	177,807	177,807
<b>Total financial assets</b>	<b>7,218,409</b>	<b>19,397,252</b>	<b>98,275,720</b>	<b>124,891,381</b>

	Fair Value through P&L Rs.000	Amortised Cost Rs.000	Total Rs.000
<b>LIABILITIES</b>			
Due to banks	-	9,168,079	9,168,079
Derivative financial instruments	8,313	-	8,313
Repurchased agreements	-	10,100,553	10,100,553
Due to customers	-	87,104,192	87,104,192
Other borrowed funds	-	2,347,634	2,347,634
Other financial liabilities	-	1,264,705	1,264,705
<b>Total financial liabilities</b>	<b>8,313</b>	<b>109,985,163</b>	<b>109,993,476</b>

**FAIR VALUE OF ASSETS AND LIABILITIES**

All financial assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, as described below:

**Fair values are determined according to the following hierarchy:**

**Level 1** – quoted market price (unadjusted): financial instruments with quoted prices in active markets.

**Level 2** – valuation technique using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments are valued using models where all significant inputs are observable.

**Level 3** – valuation technique with significant unobservable inputs: This category includes all instruments valued using valuation techniques where one or more significant inputs are unobservable.

The following table provides an analysis of assets and liabilities measured at fair value as at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. These amounts were based on the values recognised in the Statement of Financial Position:

**Assets and liabilities recorded at fair value**

**Bank - As at 30 June 2021**

	Level 1 Rs.000	Level 2 Rs.000	Level 3 Rs.000	Total Rs.000
<b>Financial assets measured at fair value</b>				
Derivative financial instruments	-	21,376	-	21,376
Financial investments at fair value through profit or loss	5,088,804	-	-	5,088,804
Financial investments at fair value through other comprehensive income	18,504,217	-	-	18,504,217
<b>Total financial assets</b>	<b>23,593,021</b>	<b>21,376</b>	<b>-</b>	<b>23,614,397</b>
<b>Financial liabilities measured at fair value</b>				
Derivative financial instruments	-	35,062	-	35,062
<b>Total financial liabilities</b>	<b>-</b>	<b>35,062</b>	<b>-</b>	<b>35,062</b>

**Bank - As at 31 December 2020 (Audited)**

	Level 1 Rs.000	Level 2 Rs.000	Level 3 Rs.000	Total Rs.000
<b>Financial assets measured at fair value</b>				
Derivative financial instruments	-	38,189	-	38,189
Financial investments at fair value through profit or loss	7,143,403	-	-	7,143,403
Financial investments at fair value through other comprehensive income	19,385,038	-	-	19,385,038
<b>Total financial assets</b>	<b>26,528,442</b>	<b>38,189</b>	<b>-</b>	<b>26,566,631</b>
<b>Financial liabilities measured at fair value</b>				
Derivative financial instruments	-	8,313	-	8,313
<b>Total financial liabilities</b>	<b>-</b>	<b>8,313</b>	<b>-</b>	<b>8,313</b>

**Group - As at 30 June 2021**

	Level 1 Rs.000	Level 2 Rs.000	Level 3 Rs.000	Total Rs.000
<b>Financial assets measured at fair value</b>				
Derivative financial instruments	-	21,376	-	21,376
Financial investments at fair value through profit or loss	5,133,745	-	-	5,133,745
Financial investments at fair value through other comprehensive income	18,516,285	-	15,626	18,531,911
<b>Total financial assets</b>	<b>23,650,031</b>	<b>21,376</b>	<b>15,626</b>	<b>23,687,033</b>
<b>Financial liabilities measured at fair value</b>				
Derivative financial instruments	-	35,062	-	35,062
<b>Total financial liabilities</b>	<b>-</b>	<b>35,062</b>	<b>-</b>	<b>35,062</b>

**Group - As at 31 December 2020 (Audited)**

	Level 1 Rs.000	Level 2 Rs.000	Level 3 Rs.000	Total Rs.000
<b>Financial assets measured at fair value</b>				
Derivative financial instruments	-	38,189	-	38,189
Financial investments at fair value through profit or loss	7,180,220	-	-	7,180,220
Financial investments at fair value through other comprehensive income	19,397,252	-	-	19,397,252
<b>Total financial assets</b>	<b>26,577,472</b>	<b>38,189</b>	<b>-</b>	<b>26,615,661</b>
<b>Financial liabilities measured at fair value</b>				
Derivative financial instruments	-	8,313	-	8,313
<b>Total financial liabilities</b>	<b>-</b>	<b>8,313</b>	<b>-</b>	<b>8,313</b>

**FAIR VALUE OF ASSETS AND LIABILITIES**

**Fair value of financial assets and liabilities not carried at fair value**

**Bank - As at 30 June 2021**

	Fair Value				Carrying Value Rs.000
	Level 1 Rs.000	Level 2 Rs.000	Level 3 Rs.000	Total Value Rs.000	
<b>Financial assets</b>					
Financial assets at amortised cost - loans and advances to customers	-	71,619,162	-	71,619,162	70,656,321
Financial assets at amortised cost - debt and other instruments	8,116,353	10,351,150	-	18,467,503	18,560,188
<b>Total</b>	8,116,353	81,970,312	-	90,086,665	89,216,509
<b>Financial liabilities</b>					
Due to customers	-	61,310,142	-	61,310,142	60,874,776
<b>Total</b>	-	61,310,142	-	61,310,142	60,874,776

**Bank - As at 31 December 2020 (Audited)**

	Fair Value				Carrying Value Rs.000
	Level 1 Rs.000	Level 2 Rs.000	Level 3 Rs.000	Total Value Rs.000	
<b>Financial assets</b>					
Financial assets at amortised cost - loans and advances to customers	-	72,208,346	-	72,208,346	67,517,674
Financial assets at amortised cost - debt and other instruments	11,975,063	9,217,915	-	21,192,978	21,168,076
<b>Total</b>	11,975,063	81,426,261	-	93,401,324	88,685,750
<b>Financial liabilities</b>					
Due to customers	-	58,080,496	-	58,080,496	57,873,488
<b>Total</b>	-	58,080,496	-	58,080,496	57,873,488

**Group - As at 30 June 2021**

	Fair Value				Carrying Value Rs.000
	Level 1 Rs.000	Level 2 Rs.000	Level 3 Rs.000	Total Value Rs.000	
<b>Financial assets</b>					
Financial assets at amortised cost - loans and advances to customers	-	7,660,018	71,619,162	79,279,180	76,697,561
Financial assets at amortised cost - debt and other instruments	8,116,353	21,928	10,351,150	18,489,431	17,958,938
<b>Total</b>	8,116,353	7,681,946	81,970,312	97,768,611	94,656,500
<b>Financial liabilities</b>					
Due to customers	-	66,316,228	-	66,316,228	65,591,567
Other borrowed funds	-	1,144,964	-	1,144,964	1,086,058
<b>Total</b>	-	67,461,191	-	67,461,191	66,677,624

**Group - As at 31 December 2020 (Audited)**

	Fair Value				Carrying Value Rs.000
	Level 1 Rs.000	Level 2 Rs.000	Level 3 Rs.000	Total Value Rs.000	
<b>Financial assets</b>					
Financial assets at amortised cost - loans and advances to customers	-	78,813,979	-	78,813,979	73,776,668
Financial assets at amortised cost - debt and other instruments	11,975,063	-	-	11,975,063	20,509,495
<b>Total</b>	11,975,063	78,813,979	-	90,789,042	94,286,163
<b>Financial liabilities</b>					
Due to customers	-	62,807,363	-	62,807,363	62,605,999
Other borrowed funds	-	2,347,634	-	2,347,634	2,347,634
<b>Total</b>	-	65,154,997	-	65,154,997	64,953,633

For financial assets and financial liabilities that have short term maturity, it is assumed that carrying amounts approximates their fair value. This assumption is applied for following assets and liabilities which are short-term maturity or re-price to current market rates.

Assets	Liabilities
▶ Cash and cash equivalents	▶ Due to banks
▶ Balances with Central Bank of Sri Lanka	▶ Repurchased agreements
▶ Placements with banks	▶ Savings and demand deposits in "Due to customers"
▶ Reverse repurchased agreements	▶ Other financial liabilities
▶ Other financial assets	

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

Item	BANK		GROUP	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
<b>Regulatory Capital - Rs '000</b>				
Common Equity Tier 1 (Basel III)	14,632,010	15,415,491	15,726,600	16,024,248
Tier 1 Capital / Core Capital (Basel III)	14,632,010	15,415,491	15,726,600	16,024,248
Total Capital / Total Capital Base (Basel III)	14,896,582	15,680,987	16,371,800	16,677,537
<b>Regulatory Capital Ratios (%)</b>				
Common Equity Tier 1 Capital Ratio (Minimum Requirement as per Basel III - 6.5%)	15.59%	16.66%	15.84%	16.34%
Tier 1 Capital Ratio (Minimum Requirement as per Basel III - 8%)	15.59%	16.66%	15.84%	16.34%
Total Capital Ratio (Minimum Requirement as per Basel III - 12%)	15.88%	16.95%	16.49%	17.00%
Leverage Ratio (Minimum Requirement - 3%)	10.49%	10.23%	10.70%	10.14%
<b>Regulatory Liquidity</b>				
Statutory Liquid Assets				
Domestic Banking Unit, Rs. '000	26,093,647	26,629,637		
Foreign Currency Banking Unit, USD '000	20,403	18,585		
Statutory Liquid Assets Ratio, % (Minimum Requirement, 20%)				
Domestic Banking Unit	28.52%	29.08%		
Foreign Currency Banking Unit	24.98%	21.93%		
Liquidity Coverage Ratio (%), Rupee (Minimum Requirement - 90%)	534.00%	861.13%		
Liquidity Coverage Ratio (%), All Currency (Minimum Requirement 90%)	228.35%	459.60%		
Net Stable Funding Ratio (%) (Minimum Requirement - 90%)	126.99%	121.05%		
<b>Assets Quality (Quality of Loan Portfolio)</b>				
Gross Non-Performing Advances Ratio, % (Net of interest in suspense)	5.83%	6.05%		
Net Non-Performing Advances,% (Net of interest in suspense and provision)	3.16%	3.54%		
<b>Profitability</b>				
Interest Margin, %	3.44%	3.16%		
Return on Assets (Before Tax), %	0.93%	0.77%		
Return on Assets (After Tax), %	0.75%	0.47%		
Return on Equity (After Tax), %	5.01%	3.24%		

**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](mailto:ubc@unionb.com)  
Web Address: [www.unionb.com](http://www.unionb.com)

**Auditors**

M/s. Ernst & Young  
Chartered Accountants,  
No. 201, De Saram Place,  
Colombo 10.