



INTERIM FINANCIAL STATEMENTS

For the period ended 30 September 2020

	BANK						GROUP					
	For the nine months ended			For the quarter ended			For the nine months ended			For the quarter ended		
	30.09.2020 Rs.000	30.09.2019 Rs.000	Change %	30.09.2020 Rs.000	30.09.2019 Rs.000	Change %	30.09.2020 Rs.000	30.09.2019 Rs.000	Change %	30.09.2020 Rs.000	30.09.2019 Rs.000	Change %
Gross Income	10,558,798	11,271,378	(6)	3,455,352	3,784,900	(9)	11,834,106	12,839,571	(8)	3,875,659	4,290,431	(10)
Interest income	8,823,072	9,940,327	(11)	2,750,219	3,334,709	(18)	9,972,199	11,395,677	(12)	3,138,024	3,797,088	(17)
Less: Interest expenses	5,776,256	6,473,845	(11)	1,725,477	1,998,894	(14)	6,465,667	7,362,969	(12)	1,932,861	2,280,755	(15)
Net interest income	3,046,816	3,466,482	(12)	1,024,742	1,335,815	(23)	3,506,532	4,032,708	(13)	1,205,163	1,516,333	(21)
Fee and commission income	606,799	784,097	(23)	218,260	259,867	(16)	676,765	868,535	(22)	239,655	289,500	(17)
Less: Fee and commission expenses	139,950	160,400	(13)	38,015	48,414	(21)	144,099	168,095	(14)	39,180	51,110	(23)
Net fee and commission income	466,849	623,697	(25)	180,245	211,453	(15)	532,666	700,440	(24)	200,475	238,390	(16)
Net fair value gains / (losses) from financial instruments at fair value through profit or loss	424,638	278,933	52	100,097	42,155	137	427,693	281,918	52	100,914	43,288	133
Net gains/ (losses) from financial investments	586,769	265,196	121	369,126	125,918	193	587,345	265,700	121	369,498	125,918	193
Net gain/ (loss) from financial instruments designated at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-
Other operating income	117,519	2,825	4059	17,650	22,251	(21)	170,104	27,741	513	27,568	34,638	(20)
Total operating income	4,642,591	4,637,133	0	1,691,860	1,737,592	(3)	5,224,340	5,308,507	(2)	1,903,618	1,958,567	(3)
Less: Impairment for loans and other losses	561,728	354,322	59	280,542	214,915	31	726,204	499,243	45	341,543	193,680	76
Net operating income	4,080,863	4,282,811	(5)	1,411,318	1,522,677	(7)	4,498,136	4,809,264	(6)	1,562,075	1,764,887	(11)
Less: Personnel expenses	1,356,923	1,399,511	(3)	427,700	474,282	(10)	1,545,348	1,599,489	(3)	489,441	542,726	(10)
Depreciation and amortisation	498,952	280,867	78	165,697	95,689	73	543,860	312,275	74	180,519	109,469	65
Other expenses	999,271	1,279,258	(22)	347,446	416,104	(17)	1,102,588	1,451,539	(24)	381,497	465,703	(18)
Total operating expenses	2,855,146	2,959,636	(4)	940,843	986,075	(5)	3,191,796	3,363,303	(5)	1,051,457	1,117,898	(6)
Results from operating activities	1,225,717	1,323,175	(7)	470,475	536,602	(12)	1,306,340	1,445,961	(10)	510,618	646,989	(21)
Share of profit of equity accounted investees, net of tax	(19,798)	98,333	(120)	3,060	36,003	(92)	-	-	-	-	-	-
Profit before value added tax (VAT), nation building tax (NBT) and debt repayment levy (DRL) on financial services	1,205,919	1,421,508	(15)	473,535	572,606	(17)	1,306,340	1,445,961	(10)	510,618	646,989	(21)
Less: VAT, NBT and DRL on financial services	328,471	537,689	(39)	113,195	194,622	(42)	346,373	588,315	(41)	121,983	219,535	(44)
Profit before tax	877,448	883,819	(1)	360,340	377,983	(5)	959,967	857,646	12	388,635	427,455	(9)
Less: Tax expenses	327,167	351,209	(7)	126,322	142,822	(12)	384,018	251,697	53	148,538	168,369	(12)
Profit after tax	550,281	532,610	3	234,018	235,161	(0)	575,949	605,949	(5)	240,097	259,085	(7)
Profit Attributable to:												
Equity holders of the parent	550,281	532,610	3	234,018	235,161	(0)	583,866	568,692	3	239,089	245,636	(3)
Non-controlling interest	-	-	-	-	-	-	(7,917)	37,257	(121)	1,008	13,449	(93)
Profit after tax	550,281	532,610	3	234,018	235,161	(0)	575,949	605,949	(5)	240,097	259,085	(7)
Earnings per share												
Earnings per share - Basic	0.51	0.49	4	0.22	0.22	(0)	0.54	0.52	3	0.22	0.23	(2)
Earnings per share - Diluted	0.51	0.49	5	0.22	0.21	1	0.54	0.52	4	0.22	0.22	(1)

	BANK						GROUP					
	For the nine months ended			For the quarter ended			For the nine months ended			For the quarter ended		
	30.09.2020 Rs.'000	30.09.2019 Rs.'000	Change %	30.09.2020 Rs.'000	30.09.2019 Rs.'000	Change %	30.09.2020 Rs.'000	30.09.2019 Rs.'000	Change %	30.09.2020 Rs.'000	30.09.2019 Rs.'000	Change %
Profit for the period	550,281	532,610	3	234,018	235,161	(0)	575,949	605,949	(5)	240,097	259,085	(7)
Other comprehensive income to be reclassified to profit or loss in subsequent periods:												
<i>Debt instruments at fair value through other comprehensive income</i>												
Net change in fair value during the period	364,455	466,891	(22)	(388,742)	(75,875)	(412)	362,510	464,096	(22)	(388,665)	(73,345)	(430)
Changes in allowance for expected credit loss	-	-	-	-	-	-	-	-	-	-	-	-
Less: Income tax effect on above	(102,047)	(130,729)	(22)	108,848	21,245	412	(102,047)	(130,729)	(22)	108,848	21,245	412
Total items that will be reclassified to the statement of profit or loss	262,408	336,162	(22)	(279,894)	(54,630)	(412)	260,463	333,367	(22)	(279,817)	(52,100)	(437)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:												
Actuarial gains and losses on defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-
Revaluation gains/ (losses) on equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Less: Income tax effect on above	-	-	-	-	-	-	-	-	-	-	-	-
Share of other comprehensive income of equity accounted investees, net of tax	(992)	(1,425)	30	39	1,290	(97)	-	-	-	-	-	-
Total items that will not be reclassified to the statement of profit or loss	(992)	(1,425)	30	39	1,290	(97)	-	-	-	-	-	-
Other comprehensive income for the period, net of tax	261,416	334,737	(22)	(279,855)	(53,340)	(425)	260,463	333,367	(22)	(279,817)	(52,100)	(437)
Total comprehensive income for the period, net of tax	811,697	867,347	(6)	(45,837)	181,821	(125)	836,411	939,316	(11)	(39,720)	206,985	(119)
Attributable to:												
Equity holders of the parent	811,697	867,347	(6)	(45,837)	181,821	(125)	845,281	903,427	(6)	(40,766)	192,296	(121)
Non-controlling interest	-	-	-	-	-	-	(8,870)	35,888	(125)	1,046	14,689	(93)
Total comprehensive income for the period, net of taxes	811,697	867,347	(6)	(45,837)	181,821	(125)	836,411	939,316	(11)	(39,720)	206,985	(119)

INTERIM FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	BANK			GROUP		
	30.09.2020	31.12.2019	Change	30.09.2020	31.12.2019	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
		Audited			Audited	
Assets						
Cash and cash equivalents	2,198,420	2,718,860	(19)	2,508,372	3,104,542	(19)
Balances with Central Bank of Sri Lanka	1,032,190	2,314,197	(55)	1,032,190	2,314,197	(55)
Placements with banks	43,555	94,257	(54)	43,788	94,257	(54)
Reverse repurchased agreements	751,545	426,823	76	989,338	1,009,581	(2)
Derivative financial instruments	6,979	6,230	12	6,979	6,230	12
Financial investments at fair value through profit or loss	5,812,772	3,228,565	80	5,812,772	3,270,208	78
Financial investments designated at fair value through profit or loss	-	-	-	-	-	-
Financial assets at amortised cost - loans and advances to customers	71,332,737	77,358,301	(8)	77,720,445	84,780,138	(8)
Financial assets at amortised cost - debt and other instruments	17,313,313	13,441,040	29	16,618,994	12,670,558	31
Financial investments at fair value through other comprehensive income	19,219,040	17,503,245	10	19,283,121	17,516,485	10
Current tax assets	-	1,148	(100)	17,486	1,148	1423
Investments in real estate	-	-	-	110,841	112,563	(2)
Investments in subsidiaries	890,737	912,268	(2)	-	-	-
Goodwill and intangible assets	1,323,087	1,329,791	(1)	1,670,232	1,678,668	(1)
Property, plant and equipment and Right of use assets	1,264,435	1,482,366	(15)	1,482,688	1,741,074	(15)
Deferred tax assets	-	-	-	433,007	497,620	(13)
Other assets	1,101,918	936,568	18	1,278,250	1,042,696	23
Total assets	122,290,728	121,753,659	0	129,008,503	129,839,965	(1)
Liabilities						
Due to banks	11,024,905	11,475,176	(4)	11,128,791	11,601,966	(4)
Derivative financial instruments	16,879	4,515	274	16,879	4,515	274
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-
Repurchased agreements	6,154,527	12,116,040	(49)	6,034,501	12,116,040	(50)
Due to other customers	81,958,208	76,532,012	7	86,916,639	82,751,668	5
Other borrowed funds	1,284,345	1,242,450	3	2,525,742	2,514,058	0
Debt securities issued	-	-	-	-	-	-
Subordinated term debts	-	-	-	-	-	-
Current tax liabilities	376,817	-	100	577,295	197,957	192
Deferred tax liabilities	92,136	62,299	48	92,900	63,062	47
Other provisions	-	-	-	-	-	-
Other liabilities	3,207,698	2,810,711	14	3,587,013	3,151,428	14
Total liabilities	104,115,515	104,243,203	(0)	110,879,760	112,400,694	(1)

INTERIM FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

As at 30 September 2020

	BANK			GROUP		
	30.09.2020 Rs.'000	31.12.2019 Rs.'000 Audited	Change %	30.09.2020 Rs.'000	31.12.2019 Rs.'000 Audited	Change %
Equity						
Stated capital	16,334,782	16,334,782	0	16,334,782	16,334,782	0
Share warrants	65,484	65,484	0	65,484	65,484	0
Statutory reserve fund	202,914	175,400	16	227,534	200,020	14
ESOP reserve	56,184	51,426	9	56,184	51,426	9
FVOCI reserve	305,964	44,549	587	318,201	56,785	460
Retained earnings	1,209,884	838,815	44	894,783	490,129	83
Total equity attributable to equity holders of the bank	18,175,213	17,510,456	4	17,896,968	17,198,626	4
Non-controlling interests	-	-	-	231,775	240,645	(4)
Total equity	18,175,213	17,510,456	4	18,128,743	17,439,271	4
Total equity and liabilities	122,290,728	121,753,659	0	129,008,503	129,839,965	(1)
Contingent liabilities and commitments	37,330,141	32,014,254	17	37,431,315	32,104,191	17
Net asset value per share (Rs.)	16.77	16.16		16.52	15.87	

Memorandum information

Number of Employees	1,302	1,344
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:

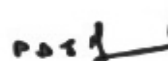
- the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka;
- the information contained in these statements have been extracted from the unaudited financial statements of the Bank and the Group unless indicated as audited.



Ayesha Naotunna
Financial Controller



Indrajit Wickramasinghe
Director/ Chief Executive Officer



Priyantha Fernando
Deputy Chairman

Date: 29 October 2020

BANK	Statutory Reserve						Total Equity
	Stated Capital	Share Warrants	Fund	ESOP Reserve	FVOCI Reserve	Retained Earnings	
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 1 January 2019	16,334,782	65,484	139,883	52,816	(310,991)	345,374	16,627,348
Total comprehensive income for the period							
Net profit for the period	-	-	-	-	-	532,610	532,610
Other comprehensive Income	-	-	-	-	334,737	-	334,737
Total comprehensive Income	-	-	-	-	334,737	532,610	867,347
Transactions with equity holders, recognised directly in equity							
Fair value of ESOP	-	-	-	(1,101)	-	-	(1,101)
Transfers during the period	-	-	26,631	-	-	(26,631)	-
Repurchase of Shares	-	-	-	-	-	(117,719)	(117,719)
Dividend Paid	-	-	-	-	-	-	-
Balance as at 30 September 2019	16,334,782	65,484	166,514	51,715	23,746	733,634	17,375,874
Balance as at 1 January 2020	16,334,782	65,484	175,400	51,426	44,549	838,815	17,510,456
Total comprehensive income for the period							
Net profit for the period	-	-	-	-	-	550,281	550,281
Other comprehensive Income	-	-	-	-	261,416	-	261,416
Total comprehensive Income	-	-	-	-	261,416	550,281	811,697
Transactions with equity holders, recognised directly in equity							
Fair value of ESOP	-	-	-	4,758	-	-	4,758
Transfers during the period	-	-	27,514	-	-	(27,514)	-
Dividend Paid	-	-	-	-	-	(151,698)	(151,698)
Balance as at 30 September 2020	16,334,782	65,484	202,914	56,184	305,964	1,209,884	18,175,213

GROUP	Statutory Reserve						Total	Non-controlling Interest	Total Equity
	Stated Capital	Share Warrants	Fund	ESOP Reserve	FVOCI Reserve	Retained Earnings			
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Balance as at 1 January 2019	16,334,782	65,484	157,569	52,816	(306,184)	(43,734)	16,260,735	212,301	16,473,034
Total comprehensive income for the period									
Net profit for the period	-	-	-	-	-	568,692	568,692	37,257	605,949
Other comprehensive Income	-	-	-	-	334,736	-	334,736	(1,369)	333,367
Total comprehensive Income	-	-	-	-	334,736	568,692	903,428	35,888	939,316
Transactions with equity holders, recognised directly in equity									
Fair value of ESOP	-	-	-	(1,101)	-	-	(1,101)	-	(1,101)
Transfers during the period	-	-	26,631	-	-	(26,631)	-	-	-
Repurchase of Shares	-	-	-	-	-	(117,719)	(117,719)	-	(117,719)
Dividend Paid	-	-	-	-	-	-	-	-	-
Balance as at 30 September 2019	16,334,782	65,484	184,200	51,715	28,552	380,608	17,045,341	248,189	17,293,530
Balance as at 1 January 2020	16,334,782	65,484	200,020	51,426	56,785	490,129	17,198,626	240,645	17,439,271
Total comprehensive income for the period									
Net profit for the period	-	-	-	-	-	583,866	583,866	(7,917)	575,949
Other comprehensive Income	-	-	-	-	261,416	-	261,416	(953)	260,462
Total comprehensive Income	-	-	-	-	261,416	583,866	845,281	(8,870)	836,411
Transactions with equity holders, recognised directly in equity									
Fair value of ESOP	-	-	-	4,758	-	-	4,758	-	4,758
Transfers during the period	-	-	27,514	-	-	(27,514)	-	-	-
Dividend Paid	-	-	-	-	-	(151,698)	(151,698)	-	(151,698)
Balance as at 30 September 2020	16,334,782	65,484	227,534	56,184	318,201	894,783	17,896,968	231,775	18,128,743

STATEMENT OF CASH FLOWS

Period ended 30 September 2020

	BANK		GROUP	
	30.06.2020 Rs.'000	30.09.2019 Rs.'000	30.06.2020 Rs.'000	30.09.2019 Rs.'000
Cash flow from operating activities				
Interest received	7,242,828	9,944,812	8,404,488	11,362,421
Fees and commission receipts	466,849	623,696	532,666	700,440
Interest paid	(5,505,930)	(6,562,950)	(6,373,710)	(7,402,237)
Receipts from Other operating activities	1,135,267	593,919	1,191,482	621,381
Payments on Other operating activities	(2,877,811)	(3,165,816)	(3,181,952)	(3,578,611)
Operating profit/(loss) before changes in operating assets & liabilities	461,203	1,433,661	572,974	1,703,394
(Increase)/decrease in operating assets:				
Balance with Central Bank of Sri Lanka	1,282,006	2,065,564	1,282,006	2,065,564
Funds advanced to customers	6,943,923	(1,482,204)	7,728,129	(1,135,265)
Others	(137,749)	(257,725)	(207,946)	(239,026)
	8,088,180	325,635	8,802,189	691,273
Increase /(decrease) in operating liabilities:				
Due to other customers	5,285,341	(4,397,070)	4,213,724	(4,823,517)
Repurchased agreements	(6,025,103)	(9,613,402)	(6,145,129)	(9,563,391)
Other liabilities	518,028	(91,897)	578,441	(65,673)
	(221,734)	(14,102,369)	(1,352,964)	(14,452,581)
Net cash from/(used in) operating activities before income tax	8,327,649	(12,343,073)	8,022,199	(12,057,914)
Retirement benefit obligation paid	(12,156)	(9,591)	(12,908)	(10,471)
Income tax paid	(15,853)	(70,449)	(16,463)	(71,399)
Net cash from operating activities	8,299,640	(12,423,113)	7,992,828	(12,139,784)
Cash flow from/(used in) investing activities				
Net financial investment at fair value through profit or loss	(2,639,450)	296,211	(2,639,450)	296,211
Net financial assets at amortised cost - Debt and other instruments	(3,862,713)	5,431,710	(3,856,875)	5,676,872
Net financial investment at fair value through other comprehensive income	(1,216,188)	660,961	(1,268,974)	642,643
Net investment in real estates	-	-	1,722	231
Purchase of property & equipment	(131,545)	(119,764)	(145,764)	(136,522)
Purchase of intangible assets	(141,117)	(256,622)	(141,870)	(257,280)
Proceeds from sale of property & equipment	6,443	13,049	6,443	17,878
Net cash used in investing activities	(7,984,570)	6,025,545	(8,044,768)	6,240,033
Cash flow from/(used in) financing activities				
Increase in borrowings	(248,585)	3,239,502	582,290	2,825,568
Repurchase of Shares	-	(117,719)	-	(117,719)
Dividend paid	(151,698)	-	(151,698)	-
Net cash from/ (used in) financing activities	(400,283)	3,121,784	430,591	2,707,849
Net Increase/(decrease) in cash and cash equivalents	(85,213)	(3,275,784)	378,651	(3,191,902)
Cash and cash equivalents at beginning of the year	3,053,031	6,325,430	3,034,999	7,081,221
Cash and cash equivalents at end of the period	2,967,818	3,049,646	3,413,650	3,889,318
Reconciliation of cash and cash equivalents				
Cash in hand and at banks	2,198,420	2,417,051	2,508,372	2,800,344
Reverse repurchased agreements	750,000	584,091	987,792	1,155,418
Placements with banks	43,555	56,985	43,787	64,835
Due to banks - Unfavorable balances with banks	(24,157)	(8,481)	(126,301)	(131,279)
	2,967,818	3,049,646	3,413,650	3,889,318

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

The Bank prepared Interim Financial Statements for the period ended September 30, 2020 based on SLFRS 16 - "Leases". The comparative information for 2019 is reported under LKAS 17 - "Leases" and is not comparable to the information presented for 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 COVID 19

The COVID-19 pandemic has had a direct impact on economic activities both locally and globally, while pandemic-related uncertainties have affected the overall business landscape of the country. Sri Lanka's efforts to gradually revive its economic activities subsequent to the countrywide lock-down, have been once again impeded by the emergence of the second wave of the pandemic; which has forced lock-downs in selected areas and provinces with mobility restrictions being imposed to control a possible community spread.

Subsequent to the COVID-19 outbreak in Sri Lanka, the Bank had strictly adhered to the guidelines and directions issued by the Government and the Central Bank of Sri Lanka (CBSL) when conducting its business operations. The Bank provided relief for affected businesses and individuals, in-line with the directions issued by CBSL. Such relief measures include, offering concessionary rates of interest to eligible loan products (debt moratorium), deferment of repayment terms of credit facilities, and waiving off selected fees and charges. Based on the Guidance Notes on Accounting Considerations of the COVID-19 Outbreak issued by the CA Sri Lanka, concessionary rates on the Equal Monthly Installment loans have been considered under non-substantial modification methodology and the impact have been charged to profit or loss immediately in the Interim Financial Statements.

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

When assessing the expected credit losses, the Bank considered the potential impact of the COVID-19 outbreak based on the available information and has made provisions as management overlays to counter the future possible deteriorations in credit quality. However, due to the uncertainty of the pandemic-ridden business environment, actual losses may differ from the amount provided. The Bank will continue to assess the financial implications from COVID-19 and incorporate the required adjustments to the financial statements as and when reliable information become available.

- 6 No material events have taken place subsequent to the reporting period that require disclosure and/or adjustment in the Financial Statements other than stated below;
- 6.1 UB Finance Company has committed to a rights issue to strengthen its balance sheet and to meet the requirements of the Finance Companies (Minimum Core Capital) Direction No. 02 of 2017 issued by the Central Bank of Sri Lanka.
- 7 New amendments to Income Tax Law announced by the Government

Reduction of Income tax rate with effects from 1st January 2020

The cabinet has approved to reduce the Banking sector income tax rate to 24% from 28% with effect from 1 January 2020. However, considering the fact that the said amendment is yet to be enacted, both income tax and deferred tax were calculated at the rate of 28% for the period ended 30 September 2020. Had the Bank considered the reduced income tax rate of 24%, the income tax charge recognized in the P&L would have reduced by Rs.56.5Mn. Further, there will be a deferred tax expense charge of Rs.1.3Mn and reversal of Rs.14.4Mn to the Statement of Profit or Loss and Statement of Other Comprehensive Income respectively for the period ended 30 September 2020.

8 Information on Ordinary Shares

Market Value	30.09.2020	30.09.2019
	Rs.	Rs.
Last traded price	11.00	13.50
Highest price for the quarter	11.80	14.30
Lowest price for the quarter	8.80	11.30

9. ANALYSIS OF LOANS & ADVANCES TO CUSTOMERS AND IMPAIRMENT

9.1 Product-wise Gross Loans & Advances

	BANK		GROUP	
	30.09.2020	31.12.2019	30.09.2020	31.12.2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
		Audited		Audited
Term loans	42,970,536	45,721,780	44,884,370	47,516,351
Overdrafts	11,111,180	11,162,693	11,039,234	11,069,823
Trade finance	1,937,381	4,949,846	1,937,381	4,949,846
Lease and hire purchase	525,591	708,997	4,421,905	5,340,896
Factoring	237,340	477,161	1,596,076	1,920,315
Pawning	344,428	369,592	344,428	369,593
Credit cards	1,588,278	1,176,806	1,588,278	1,176,806
Staff loans	1,108,058	902,113	1,108,058	902,113
Others	-	-	-	305,149
By Product - Local Currency	59,822,791	65,468,988	66,919,730	73,550,892
Term loans	5,519,657	5,573,725	5,519,657	5,573,725
Overdrafts	74,498	71,432	74,498	71,432
Trade finance	8,356,082	8,201,898	8,356,082	8,201,898
By Product - Foreign Currency	13,950,237	13,847,055	13,950,237	13,847,055
Total Loans and Receivables	73,773,028	79,316,043	80,869,967	87,397,947

9.2 Stage-wise impairment on loans & advances to customers

	BANK		GROUP	
	30.09.2020	31.12.2019	30.09.2020	31.12.2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
		Audited		Audited
Gross loans and advances (Note 9.1)	73,773,028	79,316,043	80,869,967	87,397,947
Less: Accumulated impairment under stage 1	(390,401)	(397,970)	(445,547)	(463,481)
Accumulated impairment under stage 2	(398,715)	(57,832)	(424,019)	(139,319)
Accumulated impairment under stage 3	(1,651,175)	(1,501,940)	(2,279,956)	(2,015,009)
Net value of loans and advances	71,332,737	77,358,301	77,720,445	84,780,138

9.3 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
BANK				
Opening balance as at 1 January 2020	397,970	57,832	1,501,940	1,957,742
Charge to statement of profit or loss	(7,569)	340,883	183,540	516,854
Net write-off during the period	-	-	(34,305)	(34,305)
Closing Balance as at 30 September 2020	390,401	398,715	1,651,175	2,440,291
GROUP				
Opening balance as at 1 January 2020	463,481	139,319	2,015,009	2,617,809
Charge to statement of profit or loss	(17,934)	284,700	422,545	689,311
Net write-off during the period	-	-	(157,598)	(157,598)
Closing Balance as at 30 September 2020	445,547	424,019	2,279,956	3,149,522
BANK				
Opening balance as at 1 January 2019	605,502	89,109	1,343,216	2,037,827
Charge to statement of profit or loss	(207,262)	(29,968)	630,928	393,698
Net write-off during the year	(270)	(1,309)	(472,204)	(473,783)
Closing Balance as at 31 December 2019	397,970	57,832	1,501,940	1,957,742
GROUP				
Opening balance as at 1 January 2019	666,168	187,695	2,478,610	3,332,473
Charge to statement of profit or loss	(202,417)	(47,067)	796,480	546,996
Net write-off during the year	(270)	(1,309)	(1,260,081)	(1,261,660)
Closing Balance as at 31 December 2019	463,481	139,319	2,015,009	2,617,809

10. DUE TO OTHER CUSTOMERS

	BANK		GROUP	
	30.09.2020	31.12.2019	30.09.2020	31.12.2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
		Audited		Audited
Local Currency Deposits				
Demand deposits	3,758,042	3,452,248	3,757,482	3,451,798
Savings deposits	14,553,325	11,585,257	14,813,917	11,374,106
Fixed deposits	49,284,329	46,368,000	54,282,756	52,799,257
Other deposits	2,280,425	2,433,580	2,280,425	2,433,580
Total	69,876,149	63,839,085	74,834,580	70,058,741
Foreign Currency Deposits				
Demand deposits	276,524	411,630	276,524	411,630
Savings deposits	5,782,267	3,883,343	5,782,267	3,883,343
Fixed deposits	6,023,268	8,397,954	6,023,268	8,397,954
Total	12,082,059	12,692,927	12,082,060	12,692,927
Total Deposits	81,958,208	76,532,012	86,916,639	82,751,668

11. ANALYSIS OF COMMITMENTS, CONTINGENCIES AND IMPAIRMENT

11.1 Product-wise Commitments and Contingencies

	BANK		GROUP	
	30.09.2020 Rs.'000	31.12.2019 Rs.'000 Audited	30.09.2020 Rs.'000	31.12.2019 Rs.'000 Audited
Undrawn loan commitments	12,863,175	10,356,996	12,964,348	10,446,934
Guarantees	5,099,799	5,288,602	5,099,799	5,288,602
Letters of credit	143,679	21,382	143,679	21,382
Forward contracts	838,660	1,805,082	838,660	1,805,082
Cheque pending for realisation	520,149	503,543	520,149	503,543
Spot contracts	648,325	544,860	648,325	544,860
Forward Bonds	222,905	931,760	222,905	931,760
Other contingent items	419,229	800,812	419,229	800,812
By Product - Local Currency	20,755,922	20,253,037	20,857,095	20,342,975
Undrawn loan commitments	4,879,088	2,529,949	4,879,088	2,529,949
Guarantees	2,516,562	4,257,179	2,516,562	4,257,179
Letters of credit	4,542,007	1,660,442	4,542,007	1,660,442
Forward contracts	2,542,102	758,594	2,542,102	758,594
Spot contracts	239,289	1,106,164	239,289	1,106,164
Acceptances	587,661	952,060	587,661	952,060
Other contingent items	1,267,511	496,828	1,267,511	496,828
By Product - Foreign Currency	16,574,220	11,761,217	16,574,220	11,761,216
Commitments and Contingencies	37,330,141	32,014,254	37,431,315	32,104,191

11.2 Stage-wise impairment on commitment and contingencies

	BANK		GROUP	
	30.09.2020 Rs.'000	31.12.2019 Rs.'000 Audited	30.09.2020 Rs.'000	31.12.2019 Rs.'000 Audited
Gross Commitments and Contingencies (Note 11.1)	37,330,141	32,014,254	37,431,315	32,104,191
Less: Accumulated impairment under stage 1	(86,616)	(72,786)	(86,683)	(72,785)
Accumulated impairment under stage 2	(3,972)	(4,103)	(3,980)	(4,103)
Accumulated impairment under stage 3	(3,363)	(4,697)	(47,063)	(57,848)
Net value of commitments and contingencies	37,236,190	31,932,668	37,293,588	31,969,455

11.3 Movement of impairment during the period for Commitments & Contingencies

	Stage 1 Rs.'000	Stage 2 Rs.'000	Stage 3 Rs.'000	Total Rs.'000
BANK				
Opening balance as at 1 January 2020	72,786	4,103	4,697	81,586
Charge to statement of profit or loss	13,830	(131)	(1,334)	12,365
Net write-off during the period	-	-	-	-
Closing Balance as at 30 September 2020	86,616	3,972	3,363	93,951
GROUP				
Opening balance as at 1 January 2020	72,785	4,103	57,848	134,736
Charge to statement of profit or loss	13,898	(123)	(10,785)	2,990
Net write-off during the period	-	-	-	-
Closing Balance as at 30 September 2020	86,683	3,980	47,063	137,726
BANK				
Opening balance as at 1 January 2019	42,049	2,873	35,360	80,282
Charge to statement of profit or loss	30,737	1,230	(30,663)	1,304
Net write-off during the year	-	-	-	-
Closing Balance as at 31 December 2019	72,786	4,103	4,697	81,586
GROUP				
Opening balance as at 1 January 2019	43,088	3,300	52,819	99,207
Charge to statement of profit or loss	29,697	803	5,029	35,529
Net write-off during the year	-	-	-	-
Closing Balance as at 31 December 2019	72,785	4,103	57,848	134,736

	Corporate		SME		Retail		Treasury		Other Group Companies		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Period ended 30 September 2020												
Interest Income	2,739,767	3,088,610	2,269,476	2,524,868	2,279,372	1,711,913	1,338,010	2,626,959	1,345,573	1,443,327	9,972,199	11,395,677
Add: Inter-Segment Interest Income	-	-	-	-	1,772,365	2,008,804	646,223	910,936	-	-	2,418,587	2,919,739
Total Interest Income	2,739,767	3,088,610	2,269,476	2,524,868	4,051,736	3,720,717	1,984,233	3,537,895	1,345,573	1,443,327	12,390,786	14,315,416
Less: Interest Expense	580,170	808,196	1,002,118	1,211,103	3,281,915	3,407,715	904,340	1,207,847	697,126	728,108	6,465,667	7,362,969
Less: Inter-Segment Interest Expense	1,580,370	1,997,843	838,217	921,897	-	-	-	-	-	-	2,418,587	2,919,739
Net Interest Income	579,227	282,571	429,141	391,868	769,822	313,002	1,079,894	2,330,048	648,448	715,218	3,506,532	4,032,707
Other Income	126,438	172,495	122,918	291,013	256,992	336,344	1,088,119	537,817	123,340	106,225	1,717,808	1,443,894
Total Net Income	705,665	455,066	552,059	682,881	1,026,814	649,346	2,168,013	2,867,865	771,788	821,443	5,224,340	5,476,601
Less: Expenses including impairments	414,437	374,589	1,139,048	1,041,439	1,568,086	1,744,508	296,120	295,314	500,307	574,790	3,917,999	4,030,642
Segmental Results	291,228	80,477	(586,989)	(358,558)	(541,272)	(1,095,162)	1,871,893	2,572,551	271,481	246,653	1,306,341	1,445,960
Less: VAT and NBT on Financial Services											346,373	588,315
Less: Taxation											384,019	251,697
Profit after Taxation											575,949	605,948
As at 30 September												
Other Information												
Segment Assets	31,424,000	35,052,000	23,845,453	26,163,000	15,324,000	15,605,000	39,206,868	28,323,000	14,326,518	14,443,304	124,126,839	125,365,609
Unallocated											4,881,664	4,474,356
Consolidated Total Assets											129,008,503	129,839,965
Segment Liabilities	14,243,000	15,553,000	12,697,108	10,733,000	53,452,000	47,147,000	17,054,974	20,548,000	9,175,470	10,396,925	106,622,552	110,011,488
Unallocated											4,257,208	2,389,206
Consolidated Total Liabilities											110,879,760	112,400,694
Cash flow from operating activities	1,315,373	(4,968,016)	1,029,048	(7,455,097)	1,914,000	(7,088,987)	4,041,217	(31,308,809)	(306,810)	38,681,124	7,992,828	(12,139,784)
Cash flow from investing activities	(42,192)	237,475	(33,008)	356,360	(61,393)	338,859	(7,847,976)	6,928,296	(60,199)	(1,620,957)	(8,044,768)	6,240,033
Cash flow from financing activities	-	-	-	-	-	-	(400,283)	3,239,502	830,874	(531,653)	430,591	2,707,849

INTERIM FINANCIAL STATEMENTS

INFORMATION ON ORDINARY SHARES OF THE BANK

As at 30th September 2020

TOP 20 SHAREHOLDERS

Name	No. of shares as at 30.09.2020	% 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. A.I. Lovell	24,371,269	2.25%
5 Mr. D.A.J. Warnakulasuriya	19,842,730	1.83%
6 Mr. C.P.A. Wijeyesekera	18,375,314	1.70%
7 Ashyaki Holdings (Pvt) Ltd	7,792,806	0.72%
8 Mr. S.P. Khattar	7,323,365	0.68%
9 Sterling Holdings (Private) Ltd	7,207,557	0.67%
10 Anverally International (Pvt) Limited	4,749,287	0.44%
11 Deutsche Bank AG - National Equity Fund	4,726,849	0.44%
12 Commercial Agencies (Ceylon) Ltd	4,050,833	0.37%
13 Ajita De Zoysa & Company Limited	4,050,832	0.37%
14 Mr. A.I.T. Hettiarachchi	3,848,735	0.36%
15 Dr. T. Senthilvel	3,660,582	0.34%
16 Malik Devapriya Samarawickrama	3,370,434	0.31%
17 Ideal Motors (Pvt) Limited	2,780,607	0.26%
18 J.B. Cocoshell (Pvt) Ltd	2,520,049	0.23%
19 Rananjaya Holdings (Private) Limited	2,418,852	0.22%
20 Mr. N.A. Samarakoon	2,155,165	0.20%
	984,719,514	90.90%
Other shareholders	98,838,824	9.10%
Total	1,083,558,338	100.00%

As at 30th September 2020

Number of shares in public holding	315,859,650
Number of public shareholders	30,695
Percentage of public holding	29.15%
Market capitalisation (Rs.)	11,919,141,718
Float adjusted market capitalisation	3,474,456,152
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 30.09.2020
Mr. Atul Malik	None
Mr. Priyantha Fernando	None
Mr. Sabry Ghouse	None
Mr. Michael J. O'Hanlon	None
Mr. Indrajit Wickramasinghe	None
Mr. Trevine Fernandopulle	None
Ms. Dilshani Wijayawardana	None
Mr. Drayton Sarath Palitha Wikramanayake	None
Mr. Puneet Bhatia	None
Mr. Sanjeev Mehra (Alternate Director to Mr. Puneet Bhatia)	None

The Minimum Public Holding of Union Bank of Colombo PLC as at 30th September 2020 complied with option 4 of rule 7.13.1 (a) of the Listing Rules of the Colombo Stock Exchange.

MEASUREMENT OF FINANCIAL INSTRUMENTS

a. Bank - As at 30 September 2020

	Fair Value through P&L Rs.000	Fair Value through OCI Rs.000	Amortised cost Rs.000	Total Rs.000
ASSETS				
Cash and cash equivalents	-	-	2,198,420	2,198,420
Balances with Central Bank of Sri Lanka	-	-	1,032,190	1,032,190
Placements with banks	-	-	43,555	43,555
Reverse repurchased agreements	-	-	751,545	751,545
Derivative financial instruments	6,979	-	-	6,979
Financial investments at fair value through profit or loss	5,812,772	-	-	5,812,772
Financial assets at amortised cost - loans and advances to customers	-	-	71,332,737	71,332,737
Financial assets at amortised cost - debt and other instruments	-	-	17,313,313	17,313,313
Financial investments at fair value through other comprehensive income	-	19,219,040	-	19,219,040
Other financial assets	-	-	95,444	95,444
Total financial assets	5,819,751	19,219,040	92,767,204	117,805,995

	Fair Value through P&L Rs.000	Amortised cost Rs.000	Total Rs.000
LIABILITIES			
Due to banks	-	11,024,905	11,024,905
Derivative financial instruments	16,879	-	16,879
Repurchased agreements	-	6,154,527	6,154,527
Due to customers	-	81,958,208	81,958,208
Other borrowed funds	-	1,284,345	1,284,345
Other financial liabilities	-	2,469,891	2,469,891
Total financial liabilities	16,879	102,891,876	102,908,755

b. Bank - As at 31 December 2019 (Audited)

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

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

INTERIM FINANCIAL STATEMENTS
NOTES TO THE FINANCIAL STATEMENTS

As at 30 September 2020

MEASUREMENT OF FINANCIAL INSTRUMENTS

a. Group - As at 30 September 2020

	Fair Value through P&L Rs.000	Fair Value through OCI Rs.000	Amortised Cost Rs.000	Total Rs.000
ASSETS				
Cash and cash equivalents	-	-	2,508,372	2,508,372
Balances with Central Bank of Sri Lanka	-	-	1,032,190	1,032,190
Placements with banks	-	-	43,788	43,788
Reverse repurchased agreements	-	-	989,338	989,338
Derivative financial instruments	6,979	-	-	6,979
Financial investments at fair value through profit or loss	5,812,772	-	-	5,812,772
Financial assets at amortised cost - loans and advances to customers	-	-	77,720,445	77,720,445
Financial assets at amortised cost - debt and other instruments	-	-	16,618,994	16,618,994
Financial investments at fair value through other comprehensive income	-	19,283,121	-	19,283,121
Other financial assets	-	-	180,906	180,906
Total financial assets	5,819,751	19,283,121	99,094,033	124,196,905

	Fair Value through P&L Rs.000	Amortised Cost Rs.000	Total Rs.000
LIABILITIES			
Due to banks	-	11,128,791	11,128,791
Derivative financial instruments	16,879	-	16,879
Repurchased agreements	-	6,034,501	6,034,501
Due to customers	-	86,916,639	86,916,639
Other borrowed funds	-	2,525,742	2,525,742
Other financial liabilities	-	2,639,514	2,639,514
Total financial liabilities	16,879	109,245,187	109,262,066

b. Group - As at 31 December 2019 (Audited)

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

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

INTERIM FINANCIAL STATEMENTS
SELECTED PERFORMANCE INDICATORS

Item	BANK		GROUP	
	30 Sep 2020	31 Dec 2019	30 Sep 2020	31 Dec 2019
Regulatory Capital - Rs '000				
Common Equity Tier 1 (Basel III)	15,019,492	15,286,211	15,670,190	15,810,228
Tier 1 Capital / Core Capital (Basel III)	15,019,492	15,286,211	15,670,190	15,810,228
Total Capital / Total Capital Base (Basel III)	15,309,250	15,413,097	16,327,746	16,050,219
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement as per Basel III 2020 - 6.5%, 2019 - 7%)	15.95%	16.61%	15.75%	16.12%
Tier 1 Capital Ratio (Minimum Requirement as per Basel III 2020 - 8%, 2019 - 8.5%)	15.95%	16.61%	15.75%	16.12%
Total Capital Ratio (Minimum Requirement as per Basel III 2020 - 12%, 2019 - 12.5%)	16.26%	16.75%	16.41%	16.36%
Leverage Ratio (Minimum Requirement - 3%)	10.98%	10.64%	10.85%	10.36%
Regulatory Liquidity				
Statutory Liquid Assets				
Domestic Banking Unit, Rs. '000	29,807,975	19,095,889		
Foreign Currency Banking Unit, USD '000	16,100	13,587		
Statutory Liquid Assets Ratio, % (Minimum Requirement, 20%)				
Domestic Banking Unit	33.21%	22.95%		
Foreign Currency Banking Unit	21.58%	21.95%		
Liquidity Coverage Ratio (%), Rupee (Minimum Requirement 2020 - 90%, 2019 100%)	662.00%	225.57%		
Liquidity Coverage Ratio (%), All Currency (Minimum Requirement 2020- 90%,2019-100%)	383.82%	154.70%		
Net Stable Funding Ratio (%) (Minimum Requirement 2020- 90%,2019-100%)	119.28%	113.08%		
Assets Quality (Quality of Loan Portfolio)				
Gross Non-Performing Advances Ratio, % (Net of interest in suspense)	5.48%	5.03%		
Net Non-Performing Advances,% (Net of interest in suspense and provision)	3.25%	3.55%		
Profitability				
Interest Margin, %	3.33%	3.62%		
Return on Assets (Before Tax), %	0.96%	0.96%		
Return on Assets (After Tax), %	0.60%	0.57%		
Return on Equity (After Tax), %	4.11%	4.16%		

Name of Company

Union Bank of Colombo PLC

Legal Form

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

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

Date of Incorporation

February 2nd, 1995

Company Registration Number

PB 676 PQ

Accounting Year-end

December-31

Subsidiary Companies

National Asset Management Ltd

UB Finance Company Ltd

Tax Payer Identity Number (TIN)

134005610

VAT Registration Number

134005610-7000

Credit Rating

Fitch : BBB- (lka)

ICRA : (SL) BBB Stable Rating

Registered Office & Principal Place of Business

No. 64, Galle Road,

Colombo 03, Sri Lanka.

Telephone : +94 11 2374100

Fax: +94 11 2370971

E-mail: ubc@unionb.com

Web Address: www.unionb.com

Auditors

M/s. Ernst & Young

Chartered Accountants,

No. 201, De Saram Place,

Colombo 10.