



# **INTERIM FINANCIAL STATEMENTS**

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**For the year ended 31 December 2020**

	BANK						GROUP					
	For the year ended			For the quarter ended			For the year ended			For the quarter ended		
	31.12.2020 (Audited) Rs.000	30.12.2019 (Audited) Rs.000	Change (%)	31.12.2020 Rs.000	30.12.2019 Rs.000	Change (%)	31.12.2020 (Audited) Rs.000	30.12.2019 (Audited) Rs.000	Change (%)	31.12.2020 Rs.000	30.12.2019 Rs.000	Change (%)
<b>Gross Income</b>	13,370,190	14,712,069	(9)	2,811,392	3,440,691	(18)	15,042,092	16,781,718	(10)	3,207,986	3,942,148	(19)
Interest income	11,179,991	12,956,243	(14)	2,356,919	3,015,916	(22)	12,714,314	14,875,016	(15)	2,742,115	3,479,339	(21)
Less: Interest expenses	7,310,035	8,477,329	(14)	1,533,779	2,003,484	(23)	8,176,717	9,641,012	(15)	1,711,050	2,278,042	(25)
<b>Net interest income</b>	3,869,956	4,478,914	(14)	823,140	1,012,432	(19)	4,537,597	5,234,004	(13)	1,031,065	1,201,297	(14)
Fee and commission income	872,531	1,069,370	(18)	265,732	285,273	(7)	969,229	1,182,771	(18)	292,464	314,236	(7)
Less: Fee and commission expenses	169,906	214,146	(21)	29,956	53,746	(44)	177,230	224,552	(21)	33,131	56,457	(41)
<b>Net fee and commission income</b>	702,625	855,224	(18)	235,776	231,527	2	791,999	958,219	(17)	259,333	257,779	1
Net fair value gains / (losses) from financial instruments at fair value through profit or loss	533,033	350,771	52	108,395	71,838	51	535,058	354,893	51	107,365	72,975	47
Net gains/ (losses) from financial investments	610,463	323,660	89	23,694	58,464	(59)	611,068	324,186	88	23,723	58,486	(59)
Net gain/ (loss) from financial instruments designated at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-
Other operating income	174,172	12,025	1348	56,653	9,200	516	212,423	44,852	374	42,319	17,112	147
<b>Total operating income</b>	5,890,249	6,020,594	(2)	1,247,658	1,383,461	(10)	6,688,145	6,916,154	(3)	1,463,805	1,607,649	(9)
<b>Less: Impairment for loans and other losses</b>	735,731	390,294	89	174,003	35,971	384	948,288	580,288	63	222,084	81,045	174
<b>Net operating income</b>	5,154,518	5,630,300	(8)	1,073,655	1,347,489	(20)	5,739,857	6,335,866	(9)	1,241,721	1,526,604	(19)
Less: Personnel expenses	1,901,968	1,883,326	1	545,045	483,815	13	2,131,069	2,128,124	0	585,721	528,635	11
Depreciation and amortisation	664,964	636,879	4	166,012	356,012	(53)	724,666	699,264	4	180,806	386,989	(53)
Other expenses	1,205,314	1,309,790	(8)	206,043	30,532	575	1,375,361	1,525,600	(10)	272,773	74,061	268
<b>Total operating expenses</b>	3,772,246	3,829,995	(2)	917,100	870,359	5	4,231,096	4,352,988	(3)	1,039,300	989,685	5
<b>Results from operating activities</b>	1,382,272	1,800,305	(23)	156,555	477,131	(67)	1,508,761	1,982,878	(24)	202,421	536,919	(62)
Share of profit of equity accounted investees, net of tax	(28,945)	103,823	(128)	(9,147)	5,490	(267)	-	-	-	-	-	-
<b>Profit before value added tax (VAT), nation building tax (NBT) and debt repayment levy (DRL) on financial services</b>	1,353,327	1,904,128	(29)	147,408	482,621	(69)	1,508,761	1,982,878	(24)	202,421	536,919	(62)
Less: VAT, NBT and DRL on financial services	414,394	712,527	(42)	85,923	174,838	(51)	440,091	781,623	(44)	93,718	193,308	(52)
<b>Profit before tax</b>	938,933	1,191,601	(21)	61,485	307,783	(80)	1,068,670	1,201,255	(11)	108,703	343,611	(68)
Less: Tax expenses	362,397	481,254	(25)	35,230	130,046	(73)	445,917	397,037	12	61,899	145,341	(57)
<b>Profit after tax</b>	576,536	710,347	(19)	26,255	177,737	(85)	622,753	804,218	(23)	46,804	198,270	(76)
<b>Profit Attributable to:</b>												
Equity holders of the parent	576,536	710,347	(19)	26,255	177,737	(85)	632,712	765,133	(17)	48,846	196,442	(75)
Non-controlling interest	-	-	-	-	-	-	(9,959)	39,085	(125)	(2,042)	1,828	(212)
<b>Profit after tax</b>	576,536	710,347	(19)	26,255	177,737	(85)	622,753	804,218	(23)	46,804	198,270	(76)
<b>Earnings per share</b>												
Earnings per share - Basic	0.53	0.65	(18)	0.02	0.16	(85)	0.58	0.70	(17)	0.05	0.18	(75)
Earnings per share - Diluted	0.53	0.65	(18)	0.02	0.16	(85)	0.58	0.70	(17)	0.05	0.18	(75)

	BANK						GROUP					
	For the year ended			For the quarter ended			For the year ended			For the quarter ended		
	31.12.2020 Rs.'000 (Audited)	30.12.2019 Rs.'000 (Audited)	Change %	31.12.2020 Rs.'000	30.12.2019 Rs.'000	Change %	31.12.2020 Rs.'000 (Audited)	30.12.2019 Rs.'000 (Audited)	Change %	31.12.2020 Rs.'000	30.12.2019 Rs.'000	Change %
<b>Profit for the year</b>	576,536	710,347	(19)	26,255	177,737	(85)	622,753	804,218	(23)	46,804	198,270	(76)
<b>Other comprehensive income that will 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	241,472	493,806	(51)	(122,983)	26,915	(557)	240,356	493,806	(51)	(122,154)	29,710	(511)
Changes in allowance for expected credit loss	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification to the income statement	-	-	-	-	-	-	-	-	-	-	-	-
Less: Income tax effect on above	(67,612)	(138,266)	(51)	34,435	(7,537)	(557)	(67,612)	(138,266)	(51)	34,435	(7,537)	(557)
Share of other comprehensive income of equity accounted investees, net of tax	(569)	-	(100)	(569)	-	-	-	-	-	-	-	-
<b>Total items that will be reclassified to the statement of profit or loss</b>	173,291	355,540	(51)	(89,117)	19,378	(560)	172,744	355,540	(51)	(87,719)	22,173	(496)
<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	11,927	(13,243)	190	11,927	(13,243)	100	13,628	(11,775)	216	13,628	(11,775)	216
Revaluation gains/ (losses) on equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	(1,175)	(100)	-	(1,175)	(100)
Less: Income tax effect on above	(3,340)	3,708	(190)	(3,340)	3,708	(190)	(3,816)	3,297	(216)	(3,816)	3,297	(216)
Share of other comprehensive income of equity accounted investees, net of tax	771	159	384	1,763	1,584	11	-	-	-	-	-	-
<b>Total items that will not be reclassified to the statement of profit or loss</b>	9,358	(9,376)	200	10,350	(7,951)	230	9,812	(9,653)	202	9,812	(9,653)	202
<b>Other comprehensive income/(loss) for the year, net of taxes</b>	182,649	346,164	(47)	(78,767)	11,427	(789)	182,556	345,887	(47)	(77,907)	12,520	(722)
<b>Total comprehensive income for the year, net of tax</b>	759,185	1,056,511	(28)	(52,512)	189,164	(128)	805,309	1,150,105	(30)	(31,102)	210,790	(115)
<b>Attributable to:</b>												
Equity holders of the parent	759,185	1,056,511	(28)	(52,512)	189,164	(128)	815,361	1,111,297	(27)	(29,920)	207,870	(114)
Non-controlling interest	-	-	-	-	-	-	(10,052)	38,808	(126)	(1,182)	2,920	(140)
<b>Total comprehensive income for the year, net of tax</b>	759,185	1,056,511	(28)	(52,512)	189,164	(128)	805,309	1,150,105	(30)	(31,102)	210,790	(115)

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

As at 31 December 2020

	BANK			GROUP		
	31.12.2020 Rs.'000 (Audited)	31.12.2019 Rs.'000 (Audited)	Change %	31.12.2020 Rs.'000 (Audited)	31.12.2019 Rs.'000 (Audited)	Change %
<b>Assets</b>						
Cash and cash equivalents	2,405,091	2,718,860	(12)	2,832,540	3,104,542	(9)
Balances with Central Bank of Sri Lanka	722,727	2,314,197	(69)	722,727	2,314,197	(69)
Placements with banks	15,747	94,257	(83)	15,747	94,257	(83)
Reverse repurchased agreements	-	426,823	(100)	240,736	1,009,581	(76)
Derivative financial instruments	38,189	6,230	513	38,189	6,230	513
Financial investments at fair value through profit or loss	7,143,403	3,228,565	121	7,180,220	3,270,208	120
Financial investments designated at fair value through profit or loss	-	-	-	-	-	-
Financial assets at amortised cost - loans and advances to customers	67,517,674	77,358,301	(13)	73,776,668	84,780,138	(13)
Financial assets at amortised cost - debt and other instruments	21,168,076	13,441,040	57	20,509,495	12,670,558	62
Financial investments at fair value through other comprehensive income	19,385,038	17,503,245	11	19,397,252	17,516,485	11
Current tax assets	-	1,148	(100)	-	1,148	(100)
Investments in real estate	-	-	-	106,890	112,563	(5)
Investments in subsidiaries	882,478	912,268	(3)	-	-	-
Goodwill and intangible assets	1,314,234	1,329,791	(1)	1,661,555	1,678,668	(1)
Property, plant and equipment and Right of use assets	1,317,789	1,482,366	(11)	1,523,305	1,741,074	(13)
Deferred tax assets	-	-	-	445,436	497,620	(10)
Other assets	1,032,828	936,568	10	1,119,602	1,042,696	7
<b>Total assets</b>	<b>122,943,274</b>	<b>121,753,659</b>	<b>1</b>	<b>129,570,362</b>	<b>129,839,965</b>	<b>(0)</b>
<b>Liabilities</b>						
Due to banks	9,980,590	11,475,176	(13)	9,168,079	11,601,966	(21)
Derivative financial instruments	8,313	4,515	84	8,313	4,515	84
Repurchased agreements	10,205,564	12,116,040	(16)	10,100,553	12,116,040	(17)
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-
Due to other customers	82,383,852	76,532,012	8	87,104,192	82,751,668	5
Other borrowed funds	-	1,242,450	(100)	2,347,634	2,514,058	(7)
Debt securities issued	-	-	-	-	-	-
Subordinated term debts	-	-	-	-	-	-
Current tax liabilities	262,689	-	100	471,398	197,957	138
Deferred tax liabilities	53,841	62,299	(14)	54,135	63,062	(14)
Other provisions	-	-	-	-	-	-
Other liabilities	1,958,408	2,810,711	(30)	2,251,102	3,151,428	(29)
<b>Total liabilities</b>	<b>104,853,257</b>	<b>104,243,203</b>	<b>1</b>	<b>111,505,406</b>	<b>112,400,694</b>	<b>(1)</b>

**INTERIM FINANCIAL STATEMENTS**

**STATEMENT OF FINANCIAL POSITION**

As at 31 December 2020

	BANK			GROUP		
	31.12.2020	31.12.2019	Change	31.12.2020	31.12.2019	Change
	(Audited)	(Audited)		(Audited)	(Audited)	
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
<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	204,227	175,400	16	228,847	200,020	14
ESOP reserve	23,500	51,426	(54)	23,500	51,426	(54)
FVOCI reserve	217,840	44,549	389	230,076	56,785	305
Retained earnings	1,244,184	838,815	48	951,674	490,129	94
<b>Total equity attributable to equity holders of the bank</b>	<b>18,090,017</b>	<b>17,510,456</b>	<b>3</b>	<b>17,834,363</b>	<b>17,198,626</b>	<b>4</b>
Non-controlling interests	-	-		230,593	240,645	(4)
<b>Total equity</b>	<b>18,090,017</b>	<b>17,510,456</b>	<b>3</b>	<b>18,064,956</b>	<b>17,439,271</b>	<b>4</b>
<b>Total equity and liabilities</b>	<b>122,943,274</b>	<b>121,753,659</b>	<b>1</b>	<b>129,570,362</b>	<b>129,839,965</b>	<b>(0)</b>

<b>Net asset value per share (Rs.)</b>	16.70	16.16		16.46	15.87
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**Memorandum information**

Number of Employees	1,275	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 audited financial statements of the Bank and the Group.

.....  
Ayesha Naotunna  
Financial Controller

.....  
Indrajit Wickramasinghe  
Director/ Chief Executive Officer

.....  
Sabry Ghouse  
Deputy Chairman

**INTERIM FINANCIAL STATEMENTS**
**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2020

BANK (Audited)	Statutory Reserve							Total Equity Rs.'000
	Stated Capital Rs.'000	Share Warrants Rs.'000	Fund Rs.'000	ESOP Reserve Rs.'000	FVOCI Reserve Rs.'000	Retained Earnings Rs.'000		
<b>Balance as at 31 December 2018</b>	16,334,782	65,484	139,883	52,816	(310,991)	345,374	16,627,348	
Transitional adjustment on the implementation of SLFRS 16	-	-	-	-	-	-	-	
- Bank	-	-	-	-	-	(31,435)	(31,435)	
- Subsidiaries	-	-	-	-	-	(26,663)	(26,663)	
Deferred tax on transitional adjustment	-	-	-	-	-	11,883	11,883	
<b>Restated opening balance as at 1 January 2019 under SLFRS 16</b>	16,334,782	65,484	139,883	52,816	(310,991)	299,159	16,581,133	
<b>Total comprehensive income for the year</b>	-	-	-	-	-	710,347	710,347	
Net profit for the year	-	-	-	-	-	710,347	710,347	
Other comprehensive Income	-	-	-	-	355,540	(9,376)	346,164	
<b>Total comprehensive Income</b>	-	-	-	-	355,540	700,971	1,056,511	
<b>Transactions with equity holders, recognised directly in equity</b>	-	-	-	-	-	-	-	
Repurchase of shares	-	-	-	-	-	(125,798)	(125,798)	
Fair value of ESOP	-	-	-	(1,390)	-	-	(1,390)	
Transfers during the year	-	-	35,517	-	-	(35,517)	-	
<b>Balance as at 31 December 2019</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>	-	-	-	-	-	576,536	576,536	
Net profit for the period	-	-	-	-	-	576,536	576,536	
Other comprehensive Income	-	-	-	-	173,291	9,358	182,649	
<b>Total comprehensive Income</b>	-	-	-	-	173,291	585,894	759,185	
<b>Transactions with equity holders, recognised directly in equity</b>	-	-	-	-	-	-	-	
Fair value of ESOP	-	-	-	(27,926)	-	-	(27,926)	
Dividend Paid	-	-	-	-	-	(151,698)	(151,698)	
Transfers during the period	-	-	28,827	-	-	(28,827)	-	
<b>Balance as at 31 December 2020</b>	16,334,782	65,484	204,227	23,500	217,840	1,244,184	18,090,017	

GROUP (Audited)	Statutory Reserve					FVOCI Reserve Rs.'000	Retained Earnings Rs.'000	Total Rs.'000	Non-controlling Interest Rs.'000	Total Equity Rs.'000
	Stated Capital Rs.'000	Share Warrants Rs.'000	Fund Rs.'000	ESOP Reserve Rs.'000						
<b>Balance as at 31 December 2018</b>	16,334,782	65,484	157,569	52,816	(306,184)	(43,734)	16,260,733	212,301	16,473,034	
Transitional adjustment on the implementation of SLFRS 16	-	-	-	-	-	-	(58,204)	(58,204)	(68,768)	
Deferred tax on transitional adjustments	-	-	-	-	-	-	11,988	100	12,088	
<b>Restated opening balance as at 1 January 2019 under SLFRS 16</b>	16,334,782	65,484	157,569	52,816	(306,184)	(89,950)	16,214,517	201,837	16,416,354	
<b>Total comprehensive income for the period</b>	-	-	-	-	-	765,133	765,133	39,085	804,218	
Net profit for the period	-	-	-	-	-	765,133	765,133	39,085	804,218	
Other comprehensive Income	-	-	-	-	355,540	(9,376)	346,164	(277)	345,887	
<b>Total comprehensive Income</b>	-	-	-	-	355,540	755,757	1,111,297	38,808	1,150,105	
<b>Transactions with equity holders, recognised directly in equity</b>	-	-	-	-	-	-	-	-	-	
Repurchase of Shares	-	-	-	-	-	(125,798)	(125,798)	-	(125,798)	
Fair value of ESOP	-	-	-	(1,390)	-	-	(1,390)	-	(1,390)	
Transfers during the period	-	-	42,451	-	-	(42,451)	-	-	-	
Transfer of realised loss on share disposal	-	-	-	-	7,429	(7,429)	-	-	-	
<b>Balance as at 31 December 2019</b>	16,334,782	65,484	200,020	51,426	56,785	490,129	17,198,626	240,645	17,439,271	
Net profit for the period	-	-	-	-	-	632,712	632,712	(9,959)	622,753	
Other comprehensive Income	-	-	-	-	173,291	9,358	182,649	(93)	182,556	
<b>Total comprehensive Income</b>	-	-	-	-	173,291	642,070	815,361	(10,052)	805,309	
<b>Transactions with equity holders, recognised directly in equity</b>	-	-	-	-	-	-	-	-	-	
Fair value of ESOP	-	-	-	(27,926)	-	-	(27,926)	-	(27,926)	
Dividend Paid	-	-	-	-	-	(151,698)	(151,698)	-	(151,698)	
Transfers during the year	-	-	28,827	-	-	(28,827)	-	-	-	
<b>Balance as at 31 December 2020</b>	16,334,782	65,484	228,847	23,500	230,076	951,674	17,834,363	230,593	18,064,956	

**STATEMENT OF CASH FLOWS**

For the year ended 31 December 2020

	BANK		GROUP	
	31.12.2020 (Audited) Rs.'000	31.12.2019 (Audited) Rs.'000	31.12.2020 (Audited) Rs.'000	31.12.2019 (Audited) Rs.'000
<b>Cash flow from operating activities</b>				
Interest received	10,485,733	12,891,606	11,978,131	14,714,098
Fees and commission receipts	702,626	855,224	791,999	958,219
Interest payments	(6,868,433)	(8,363,755)	(7,841,467)	(9,311,792)
Receipts from other operating activities	1,337,669	699,669	1,373,838	507,018
Payments on other operating activities	(3,804,974)	(4,141,374)	(4,262,868)	(4,582,527)
<b>Operating profit before changes in operating assets &amp; liabilities</b>	1,852,621	1,941,370	2,039,633	2,285,016
<b>(Increase)/decrease in operating assets:</b>				
Balance with Central Bank of Sri Lanka	1,591,470	1,905,735	1,591,470	1,905,735
Financial assets at amortised cost - loans and advances to customers	9,700,625	(3,922,185)	10,556,354	(3,153,986)
Others	(134,584)	(38,066)	(109,553)	203,864
	11,157,511	(2,054,516)	12,038,271	(1,044,387)
<b>Increase /(decrease) in operating liabilities:</b>				
Due to banks	568,740	70,939	568,740	70,939
Due to customers	5,444,433	(2,742,477)	4,060,107	(3,697,400)
Repurchased agreements	(1,905,348)	(5,444,447)	(2,010,359)	(5,394,435)
Others	(901,982)	165,068	(913,013)	27,501
	3,205,843	(7,950,917)	1,705,475	(8,993,395)
<b>Net cash from/(used in) operating activities before income tax</b>	16,215,975	(8,064,063)	15,783,379	(7,752,767)
Retirement benefit obligation paid	(9,016)	(17,001)	(12,418)	(17,795)
Income tax paid	(177,969)	(91,103)	(187,308)	(112,763)
<b>Net cash from operating activities</b>	16,028,990	(8,172,167)	15,583,653	(7,883,325)
<b>Cash flow from/(used in) investing activities</b>				
Dividends received	960	935	1,564	1,461
Financial investments at fair value through profit or loss	(3,924,599)	(384,363)	(3,917,385)	(421,995)
Financial investments at fair value through other comprehensive income	(1,540,415)	646,087	(1,539,390)	684,510
Financial assets at amortised cost - debt and other instruments	(7,698,917)	3,141,765	(7,697,638)	3,419,747
Purchase of property, plant & equipment	(65,732)	(181,751)	(79,363)	(193,828)
Purchase of intangible assets	(179,179)	(306,781)	(185,310)	(314,658)
Proceeds from Sale of property, plant & equipment	6,430	14,718	18,540	24,021
<b>Net cash used in investing activities</b>	(13,401,452)	2,930,609	(13,398,983)	3,199,257
<b>Cash flow from/(used in) financing activities</b>				
Proceeds from shares	-	(125,799)	-	(125,799)
Increase/decrease in borrowings	(3,114,273)	2,094,958	(2,217,829)	763,645
Dividend paid	(151,698)	-	(151,698)	-
<b>Net cash from/ (used in) financing activities</b>	(3,265,971)	1,969,159	(2,369,527)	637,846
<b>Net increase in cash and cash equivalents</b>	(638,433)	(3,272,399)	(184,857)	(4,046,222)
Cash and cash equivalents at beginning of the year	3,053,031	6,325,430	3,034,999	7,081,221
<b>Cash and cash equivalents at end of the year</b>	2,414,598	3,053,031	2,850,142	3,034,999
<b>Reconciliation of cash and cash equivalents</b>				
Cash in hand and at banks	2,405,091	2,718,860	2,832,540	3,104,542
Placements with banks	15,747	94,257	15,747	94,257
Due to banks	(6,240)	(186,814)	(238,881)	(1,173,285)
Reverse repurchased agreements	-	426,728	240,736	1,009,485
<b>Total Cash and cash equivalents at end of the year</b>	2,414,598	3,053,031	2,850,142	3,034,999

**STATEMENT OF CASH FLOWS**

For the year ended 31 December 2020

**Reconciliation of liabilities arising from financing activities**

For the period ended 31 December 2020	Non cash change			
	31 Dec 2020 Rs.'000	Cash change - Cash flow Rs.'000	- Foreign exchange movement Rs.'000	1 Jan 2020 Rs.'000
<b>BANK</b>				
Due to banks	8,934,458	(2,086,068)	22,742	10,997,784
Other borrowed funds	-	(1,242,450)	-	1,242,450
Less : Unfavorable balances with banks	(6,240)	180,574	-	(186,814)
Less : Interest payable	(111,413)	33,671	-	(145,084)
	<b>8,816,805</b>	<b>(3,114,273)</b>	<b>22,742</b>	<b>11,908,336</b>
<b>GROUP</b>				
Due to banks	8,121,946	(3,025,370)	22,742	11,124,574
Other borrowed funds	2,347,634	(166,424)	-	2,514,058
Less : Unfavorable balances with banks	(238,881)	934,404	-	(1,173,285)
Less : Interest payable	(265,116)	39,561	-	(304,677)
	<b>9,965,583</b>	<b>(2,217,829)</b>	<b>22,742</b>	<b>12,160,670</b>
<b>For the period ended 31 December 2019</b>				
<b>BANK</b>				
Due to banks	10,997,784	2,043,819	12,208	8,941,756
Other borrowed funds	1,242,450	8,230	-	1,234,220
Less : Unfavorable balances with banks	(186,814)	87,855	-	(274,669)
Less : Interest payable	(145,084)	(44,947)	-	(100,137)
	<b>11,908,336</b>	<b>2,094,958</b>	<b>12,208</b>	<b>9,801,170</b>
<b>GROUP</b>				
Due to banks	11,124,574	2,003,272	12,208	9,109,094
Other borrowed funds	2,514,058	(407,589)	-	2,921,647
Less : Unfavorable balances with banks	(1,173,285)	(731,278)	-	(442,007)
Less : Interest payable	(304,677)	(100,760)	-	(203,917)
	<b>12,160,670</b>	<b>763,645</b>	<b>12,208</b>	<b>11,384,817</b>

- 1 (a) There are no changes to the accounting policies and methods of computation since the publication of annual accounts for the year 2020.  
(b) 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.
- 2 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.
- 3 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.

**4 Impact due to 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.

CA Sri Lanka issued certain guidelines in the application of certain provisions in SLFRS 9 "Financial Instruments", considering the insufficiency of information, uncertainty relating to borrowers repayment ability, resource constraints and various government relief measures as a result of the pandemic, though the circumstances require reassessment of all the factors for the preparation of Financial Statements for the reporting on 31 December 2020 financial statements and thereon. Accordingly, the Bank identified three sectors as risk elevated industries. The Risk Management Department independently review the customer exposures subject to the said industries and provide additional provisions by shifting buckets. Furthermore, on Economic Factor Adjustment, weightages assigned to worst case scenario has increased by transferring the weightages from best case scenario to worst case scenario in the 31 December 2020. Also, in the Treasury impairment models, the Bank has considered the effect on country risk downgrade on the investments denominated in foreign currencies.

**5 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 year ended 31 December 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.60.0Mn. Further, there will be a deferred tax expense charge of Rs.2.9Mn and reversal of Rs.10.5Mn to the Statement of Profit or Loss and Statement of Other Comprehensive Income respectively for the year ended 31 December 2020.

**6 Capital requirement of UB Finance Company Limited**

The Bank, as the major shareholder of UB Finance Company Limited (UBF), was in negotiations with a prospective foreign investor for a strategic acquisition of a stake of UBF. However, the finalization of this transaction has been delayed on account of the pandemic. Due to the above negotiations being carried on, UBF is in want of compliance with the minimum core capital and capital adequacy requirements set out in the Directions No.02 of 2017 and No. 03 of 2018 issued under the Finance Business Act and the Finance Companies (Capital Funds) Direction No. 01 of 2003, as of 31 December 2020.

Due to the above, the Central Bank of Sri Lanka has, by its communication dated 23 January 2019, imposed temporary caps on the loans and advances and deposits of UBF. These caps continue and are effective until the required capital and capital adequacy ratios are met.

UBF is committed to meet the aforesaid minimum core capital and capital adequacy requirements by way of a Rights Issue and has sought the approval of the Central Bank of Sri Lanka for same. The Bank, as UBF's major shareholder, has undertaken to infuse additional capital in to UBF up to the value of its entitlement under the proposed Rights Issue. The Bank, by subscribing for its entitlement under the said Rights Issue, then would make UBF meet the said minimum core capital and capital adequacy requirements.

However, the Central Bank of Sri Lanka has informed UBF and UBC that these two entities should be merged by 30 June 2021. If such a merger is carried through it would be subject to the necessary approvals, including the approval of the shareholders of both the entities.

- 7 No material events have taken place subsequent to the reporting period that require disclosure and/or adjustment in the Financial Statements.

**8 Information on Ordinary Shares**

<b>Market Value</b>	<b>31.12.2020</b>	<b>31.12.2019</b>
	<b>Rs.</b>	<b>Rs.</b>
Last traded price	11.70	13.30
Highest price for the quarter	13.00	13.80
Lowest price for the quarter	9.70	12.30

9. ANALYSIS OF LOANS & ADVANCES TO CUSTOMERS AND IMPAIRMENT

9.1 Product-wise Gross Loans & Advances

	BANK		GROUP	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	(Audited)	(Audited)	(Audited)	(Audited)
Term loans	40,830,272	45,721,780	42,251,366	47,516,351
Overdrafts	10,934,523	11,162,693	10,846,252	11,069,823
Trade finance	1,544,214	4,949,846	1,544,214	4,949,846
Lease and hire purchase	462,816	708,997	4,212,687	5,340,896
Factoring	189,911	477,161	1,472,497	1,920,315
Pawning & Gold loans	337,254	369,592	879,371	674,742
Credit cards	1,709,462	1,176,806	1,709,462	1,176,806
Staff loans	1,150,428	902,113	1,172,971	902,113
<b>By Product - Local Currency</b>	<b>57,158,880</b>	<b>65,468,988</b>	<b>64,088,820</b>	<b>73,550,892</b>
Term loans	6,236,680	5,573,725	6,236,680	5,573,725
Overdrafts	147,780	71,432	147,780	71,432
Trade finance	6,451,440	8,201,898	6,451,440	8,201,898
<b>By Product - Foreign Currency</b>	<b>12,835,900</b>	<b>13,847,055</b>	<b>12,835,900</b>	<b>13,847,055</b>
<b>Total Loans and Receivables</b>	<b>69,994,780</b>	<b>79,316,043</b>	<b>76,924,720</b>	<b>87,397,947</b>

9.2 Stage-wise impairment on loans & advances to customers

	BANK		GROUP	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	(Audited)	(Audited)	(Audited)	(Audited)
Gross loans and advances (Note 9.1)	69,994,780	79,316,043	76,924,720	87,397,947
Less: Accumulated impairment under stage 1	(449,460)	(397,970)	(500,946)	(463,481)
Accumulated impairment under stage 2	(232,072)	(57,832)	(304,689)	(139,319)
Accumulated impairment under stage 3	(1,795,574)	(1,501,940)	(2,342,417)	(2,015,009)
<b>Net value of loans and advances</b>	<b>67,517,674</b>	<b>77,358,301</b>	<b>73,776,668</b>	<b>84,780,138</b>

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
<b>BANK</b>				
Opening balance as at 1 January 2020	397,970	57,832	1,501,940	1,957,742
Charge/(reversal) to statement of profit or loss	57,323	174,240	386,846	618,409
Other Adjustments	(5,833)	-	-	(5,833)
Write offs 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</b>				
Opening balance as at 1 January 2020	463,481	139,319	2,015,009	2,617,809
Charge/(reversal) to statement of profit or loss	43,298	165,370	649,245	857,913
Other Adjustments	(5,833)	-	-	(5,833)
Write offs during the year	-	-	(321,837)	(321,837)
Closing Balance as at 31 December 2020	500,946	304,689	2,342,417	3,148,052
<b>BANK</b>				
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
<b>GROUP</b>				
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	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
	(Audited)	(Audited)	(Audited)	(Audited)
<b>Local Currency Deposits</b>				
Demand deposits	4,026,765	3,452,248	4,024,209	3,451,798
Savings deposits	13,341,615	11,585,257	13,532,000	11,374,106
Fixed deposits	49,218,666	46,368,000	53,951,175	52,799,257
Other deposits	2,303,561	2,433,580	2,303,561	2,433,580
<b>Total</b>	<b>68,890,605</b>	<b>63,839,085</b>	<b>73,610,945</b>	<b>70,058,741</b>
<b>Foreign Currency Deposits</b>				
Demand deposits	782,772	411,630	782,772	411,630
Savings deposits	6,359,212	3,883,343	6,359,212	3,883,343
Fixed deposits	6,351,263	8,397,954	6,351,263	8,397,954
<b>Total</b>	<b>13,493,247</b>	<b>12,692,927</b>	<b>13,493,247</b>	<b>12,692,927</b>
<b>Total Deposits</b>	<b>82,383,852</b>	<b>76,532,012</b>	<b>87,104,192</b>	<b>82,751,668</b>

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

**11.1 Product-wise Commitments and Contingencies**

	BANK		GROUP	
	31.12.2020 Rs.'000 (Audited)	31.12.2019 Rs.'000 (Audited)	31.12.2020 Rs.'000 (Audited)	31.12.2019 Rs.'000 (Audited)
Undrawn loan commitments	10,863,386	10,356,996	11,009,418	10,446,933
Guarantees	388,172	5,288,602	388,172	5,288,602
Documentary credit	141,591	21,382	141,591	21,382
Forward contracts	2,055,225	1,805,082	2,055,225	1,805,082
Cheque pending for realisation	322,110	503,543	322,110	503,543
Spot contracts	419,075	544,860	419,075	544,860
Forward Bonds	-	931,760	-	931,760
Other contingent items	342,239	800,812	342,239	800,812
<b>By Product - Local Currency</b>	<b>14,531,798</b>	<b>20,253,037</b>	<b>14,677,830</b>	<b>20,342,974</b>
Undrawn loan commitments	4,994,160	2,529,949	4,994,160	2,529,949
Guarantees	8,836,962	4,257,179	8,836,962	4,257,179
Documentary credit	3,448,149	1,660,442	3,448,149	1,660,442
Forward contracts	2,836,262	758,595	2,836,262	758,595
Spot contracts	176,049	1,106,164	176,049	1,106,164
Acceptances	4,763,752	952,060	4,763,752	952,060
Other contingent items	627,754	496,828	627,754	496,828
<b>By Product - Foreign Currency</b>	<b>25,683,088</b>	<b>11,761,218</b>	<b>25,683,089</b>	<b>11,761,217</b>
<b>Commitments and Contingencies</b>	<b>40,214,886</b>	<b>32,014,254</b>	<b>40,360,918</b>	<b>32,104,191</b>

**11.2 Stage-wise impairment on commitment and contingencies**

	BANK		GROUP	
	31.12.2021 Rs.'000 (Audited)	31.12.2019 Rs.'000 (Audited)	31.12.2021 Rs.'000 (Audited)	31.12.2019 Rs.'000 (Audited)
Gross Commitments and Contingencies (Note 11.1)	40,214,886	32,014,254	40,360,918	32,104,191
Less: Accumulated impairment under stage 1	(84,870)	(72,786)	(84,870)	(72,785)
Accumulated impairment under stage 2	(5,921)	(4,103)	(8,160)	(4,103)
Accumulated impairment under stage 3	(3,543)	(4,697)	(25,891)	(57,848)
<b>Net value of commitments and contingencies</b>	<b>40,120,552</b>	<b>31,932,668</b>	<b>40,241,997</b>	<b>31,969,455</b>

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

	Stage 1	Stage 2	Stage 3	Total
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>BANK</b>				
<b>Undrawn loan commitments</b>				
Opening balance as at 1 January 2020	65,447	4,103	4,697	74,247
Charge to statement of profit or loss	7,137	1,818	(1,154)	7,801
Net write off during the year	-	-	-	-
Closing Balance as at 31 December 2020	72,584	5,921	3,543	82,048
<b>Other contingencies</b>				
Opening balance as at 1 January 2020	7,339	-	-	7,339
Charge to statement of profit or loss	4,947	-	-	4,947
Net write off during the year	-	-	-	-
Closing Balance as at 31 December 2020	12,286	-	-	12,286
<b>Total</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</b>				
<b>Undrawn loan commitments</b>				
Opening balance as at 1 January 2020	65,447	4,103	57,847	127,397
Charge to statement of profit or loss	7,137	4,057	(31,956)	(20,762)
Net write-off during the period	-	-	-	-
Closing Balance as at 31 December 2020	72,584	8,160	25,891	106,635
<b>Other contingencies</b>				
Opening balance as at 1 January 2020	7,339	-	-	7,339
Charge to statement of profit or loss	4,947	-	-	4,947
Net write-off during the period	-	-	-	-
Closing Balance as at 31 December 2020	12,286	-	-	12,286
<b>Total</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 period	-	-	-	-
Closing Balance as at 31 December 2020	84,870	8,160	25,891	118,921

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

**11.3 Product-wise Commitments and Contingencies**

	BANK		GROUP	
	31.12.2020 Rs.'000 (Audited)	31.12.2019 Rs.'000 (Audited)	31.12.2020 Rs.'000 (Audited)	31.12.2019 Rs.'000 (Audited)
<b>BANK</b>				
<b>Undrawn loan commitments</b>				
Opening balance as at 1 January 2019	40,928	2,873	35,360	79,161
Charge to statement of profit or loss	24,519	1,230	(30,663)	(4,914)
Net write off during the year	-	-	-	-
Closing Balance as at 31 December 2019	65,447	4,103	4,697	74,247
<b>Other contingencies</b>				
Opening balance as at 1 January 2019	1,121	-	-	1,121
Charge to statement of profit or loss	6,218	-	-	6,218
Net write off during the year	-	-	-	-
Closing Balance as at 31 December 2019	7,339	-	-	7,339
<b>Total</b>				
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
<b>GROUP</b>				
<b>Undrawn loan commitments</b>				
Opening balance as at 1 January 2019	41,967	3,300	52,819	98,086
Charge to statement of profit or loss	23,479	803	5,029	29,311
Net write-off during the period	-	-	-	-
Closing Balance as at 31 December 2019	65,446	4,103	57,848	127,397
<b>Other contingencies</b>				
Opening balance as at 1 January 2019	1,121	-	-	1,121
Charge to statement of profit or loss	6,218	-	-	6,218
Net write-off during the period	-	-	-	-
Closing Balance as at 31 December 2019	7,339	-	-	7,339
<b>Total</b>				
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 period	-	-	-	-
Closing Balance as at 31 December 2019	72,785	4,103	57,848	134,736

SEGMENTAL ANALYSIS - GROUP (Audited)

	Corporate		Treasury		SME		Retail		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
Interest income	3,317,942	4,394,644	1,816,334	1,492,809	2,777,221	3,581,624	3,094,727	3,259,971	1,708,090	2,145,968	12,714,314	14,875,016
Inter-segment interest income	-	-	810,324	1,144,840	-	-	2,213,633	2,569,327	-	-	3,023,957	3,714,167
<b>Total Interest Income</b>	3,317,942	4,394,644	2,626,658	2,637,649	2,777,221	3,581,624	5,308,360	5,829,298	1,708,090	2,145,968	15,738,272	18,589,183
Interest expense	746,376	1,051,856	1,075,753	1,379,196	1,283,829	1,580,768	4,201,068	4,509,888	869,691	1,119,304	8,176,717	9,641,012
Inter-segment interest expense	1,919,487	2,544,251	-	-	1,104,470	1,169,916	-	-	-	-	3,023,957	3,714,167
<b>Total interest expense</b>	2,665,863	3,596,107	1,075,753	1,379,196	2,388,299	2,750,684	4,201,068	4,509,888	869,691	1,119,304	11,200,674	13,355,179
<b>Net Interest Income</b>	652,079	798,537	1,550,905	1,258,453	388,922	830,940	1,107,292	1,319,410	838,399	1,026,664	4,537,597	5,234,004
Total other income	184,078	222,153	1,258,902	628,214	186,479	364,831	390,835	338,947	130,254	128,005	2,150,548	1,682,150
<b>Total net income</b>	836,157	1,020,690	2,809,807	1,886,667	575,401	1,195,771	1,498,127	1,658,357	968,653	1,154,669	6,688,145	6,916,154
Less :												
Impairment	85,188	1,311	103,526	(3,760)	326,819	297,294	219,150	111,239	213,605	174,204	948,288	580,288
Depreciation & amortisation	80,747	77,134	79,468	75,363	140,380	144,239	364,309	340,144	59,762	62,384	724,666	699,264
Other expenses	264,585	282,660	258,006	268,686	817,788	870,376	1,766,904	1,776,091	399,147	455,911	3,506,430	3,653,724
<b>Segmental results</b>	405,637	659,585	2,368,807	1,546,379	(709,586)	(116,138)	(852,236)	(569,117)	296,139	462,170	1,508,761	1,982,878
Less: VAT, NBT and DRL on financial services											440,091	781,623
Less: Tax expense											445,917	397,037
<b>Profit after Taxation</b>											622,753	804,218
<b>Other Information</b>												
Segment assets	30,770,226	37,033,000	43,782,309	30,869,747	22,179,517	25,012,776	14,111,573	15,972,000	13,981,364	15,973,870	124,824,989	124,861,393
Unallocated assets											4,745,373	4,978,572
<b>Consolidated total assets</b>											129,570,362	129,839,965
Segment liabilities	15,017,116	13,560,000	18,949,665	24,005,000	12,699,999	10,774,379	52,872,615	50,087,000	9,189,374	10,544,505	108,728,769	108,970,885
Unallocated											2,776,637	3,429,809
<b>Consolidated Total Liabilities</b>											111,505,406	112,400,694
Cash flow from operating activities	2,343,344	(3,768,941)	7,874,540	(6,966,602)	1,612,575	(4,415,437)	4,198,533	(6,123,555)	(445,339)	13,391,210	15,583,653	(7,883,325)
Cash flow from investing activities	(260,064)	(218,193)	(12,496,472)	3,001,111	(178,964)	(255,621)	(465,953)	(354,508)	2,470	1,026,468	(13,398,983)	3,199,257
Cash flow from financing activities	-	-	(3,265,971)	2,107,167	-	-	-	-	896,444	(1,469,320)	(2,369,527)	637,847

## INTERIM FINANCIAL STATEMENTS

### INFORMATION ON ORDINARY SHARES OF THE BANK

As at 31st December 2020

#### TOP 20 SHAREHOLDERS

Name	No. of shares as at 31.12.2020	% 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 Dr. T. Senthilverl	21,504,826	1.98%
6 Mr. D.A.J. Warnakulasuriya	19,842,730	1.83%
7 Mr. C.P.A. Wijeyesekera	18,375,314	1.70%
8 Ashyaki Holdings (Pvt) Ltd	7,792,806	0.72%
9 Mr. S.P. Khattar	7,323,365	0.68%
10 Anverally International (Pvt) Limited	4,749,287	0.44%
11 Commercial Agencies (Ceylon) Ltd	4,050,833	0.37%
12 Ajita De Zoysa & Company Limited	4,050,832	0.37%
13 Mr. A.I.T. Hettiarachchi	3,848,735	0.36%
14 Malik Devapriya Samarawickrama	3,370,434	0.31%
15 Deutsche Bank AG-National Equity Fund	2,726,849	0.25%
16 Rananjaya Holdings (Private) Limited	2,548,852	0.24%
17 Senthilverl Holdings (Pvt) Ltd	2,333,408	0.22%
18 Mr. N.A. Samarakoon	2,155,165	0.20%
19 Mrs. T. Gunawardena	1,849,000	0.17%
20 Mr. B.P. Obeyesekere	1,541,935	0.14%
	<b>993,909,888</b>	<b>91.74%</b>
Other shareholders	89,648,450	8.26%
<b>Total</b>	<b>1,083,558,338</b>	<b>100.00%</b>

#### As at 31st December 2020

Number of shares in public holding	315,859,650
Number of public shareholders	30,178
Percentage of public holding	29.15%
Market capitalisation (Rs.)	12,677,632,554.60
Float adjusted market capitalisation	3,695,557,907.23
Required minimum public holding percentage under option 4 of rule 7.13.1 (a) of the Listing Rules of Colombo Stock Exchange	10%

#### DIRECTORS' INDIVIDUAL HOLDING IN SHARES

Name	No. of shares held as at 31.12.2020
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 31st December 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 31 December (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>

**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
<b>ASSETS</b>				
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
<b>Total financial assets</b>	<b>3,234,795</b>	<b>17,503,245</b>	<b>96,571,039</b>	<b>117,309,079</b>

	Fair Value through P&L Rs.000	Amortised cost Rs.000	Total Rs.000
<b>LIABILITIES</b>			
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
<b>Total financial liabilities</b>	<b>4,515</b>	<b>103,273,434</b>	<b>103,277,949</b>

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

As at 31 December 2020

**MEASUREMENT OF FINANCIAL INSTRUMENTS**

**a. 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>

**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
<b>ASSETS</b>				
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
<b>Total financial assets</b>	<b>3,276,438</b>	<b>17,516,485</b>	<b>104,219,229</b>	<b>125,012,152</b>

	Fair Value through P&L Rs.000	Amortised Cost Rs.000	Total Rs.000
<b>LIABILITIES</b>			
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
<b>Total financial liabilities</b>	<b>4,515</b>	<b>111,069,133</b>	<b>111,073,648</b>

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

Item	BANK		GROUP	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
<b>Regulatory Capital - Rs '000</b>				
Common Equity Tier 1 (Basel III)	15,415,491	15,286,211	16,024,248	15,810,228
Tier 1 Capital / Core Capital (Basel III)	15,415,491	15,286,211	16,024,248	15,810,228
Total Capital / Total Capital Base (Basel III)	15,680,987	15,413,097	16,677,537	16,050,219
<b>Regulatory Capital Ratios (%)</b>				
Common Equity Tier 1 Capital Ratio (Minimum Requirement as per Basel III 2020 - 6.5%, 2019 - 7% )	16.66%	16.61%	16.34%	16.12%
Tier 1 Capital Ratio (Minimum Requirement as per Basel III 2020 - 8%, 2019 - 8.5%)	16.66%	16.61%	16.34%	16.12%
Total Capital Ratio (Minimum Requirement as per Basel III 2020 - 12%, 2019 - 12.5%)	16.95%	16.75%	17.00%	16.36%
Leverage Ratio (Minimum Requirement - 3%)	10.23%	10.64%	10.14%	10.36%
<b>Regulatory Liquidity</b>				
Statutory Liquid Assets				
Domestic Banking Unit, Rs. '000	26,629,637	19,095,889		
Foreign Currency Banking Unit, USD '000	18,585	13,587		
Statutory Liquid Assets Ratio, % (Minimum Requirement, 20%)				
Domestic Banking Unit	29.08%	22.95%		
Foreign Currency Banking Unit	21.93%	21.95%		
Liquidity Coverage Ratio (%), Rupee (Minimum Requirement 2020 - 90%, 2019 100%)	861.13%	225.57%		
Liquidity Coverage Ratio (%), All Currency (Minimum Requirement 2020- 90%,2019-100%)	459.60%	154.70%		
Net Stable Funding Ratio (%) (Minimum Requirement 2020- 90%,2019-100%)	121.05%	113.08%		
<b>Assets Quality (Quality of Loan Portfolio)</b>				
Gross Non-Performing Advances Ratio, % (Net of interest in suspense)	6.05%	5.03%		
Net Non-Performing Advances,% (Net of interest in suspense and provision)	3.54%	3.55%		
<b>Profitability</b>				
Interest Margin, %	3.16%	3.62%		
Return on Assets (Before Tax), %	0.77%	0.96%		
Return on Assets (After Tax), %	0.47%	0.57%		
Return on Equity (After Tax), %	3.24%	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.

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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.