



INTERIM FINANCIAL STATEMENTS

For the period ended 31 December 2016



INTERIM FINANCIAL STATEMENTS
STATEMENT OF PROFIT OR LOSS

Period ended 31 December 2016

	BANK						GROUP					
	For the year ended			For the quarter ended			For the year ended			For the quarter ended		
	31.12.2016 Rs.000 (Audited)	31.12.2015 Rs.000 Restated (Audited)	Change %	31.12.2016 Rs.000	31.12.2015 Rs.000	Change %	31.12.2016 Rs.000 (Audited)	31.12.2015 Rs.000 Restated (Audited)	Change %	31.12.2016 Rs.000	31.12.2015 Rs.000	Change %
Interest income	7,223,212	4,155,484	74	2,271,819	1,167,380	95	8,465,885	4,998,505	69	2,611,376	1,417,458	84
Less: Interest expenses	4,716,433	2,133,782	121	1,415,864	683,382	107	5,445,434	2,558,427	113	1,626,392	810,831	101
Net interest income	2,506,779	2,021,702	24	855,955	483,997	77	3,020,451	2,440,078	24	984,984	606,627	62
Fee and commission income	667,110	404,944	65	192,319	129,243	49	861,915	583,130	48	245,113	175,690	40
Less: Fee and commission expenses	92,062	61,222	50	40,943	29,366	39	120,078	76,988	56	50,498	34,312	47
Net fee and commission income	575,048	343,722	67	151,376	99,878	52	741,837	506,142	47	194,616	141,378	38
Net gain from trading	409,085	278,041	47	53,611	129,617	(59)	409,085	278,041	47	53,611	129,617	(59)
Other operating income (net)	246,467	166,973	48	7,669	38,367	(80)	407,085	196,053	108	(869)	43,665	(102)
Total operating income	3,737,379	2,810,439	33	1,068,611	751,859	42	4,578,458	3,420,314	34	1,232,341	921,287	34
Less: Credit loss expense	152,314	176,729	(14)	113,778	39,879	185	252,273	260,135	3	142,470	73,157	(95)
Net operating income	3,585,065	2,633,710	36	954,833	711,980	34	4,326,185	3,160,179	37	1,089,871	848,130	29
Less: Personnel Expenses	1,360,653	993,195	37	345,013	274,966	25	1,566,637	1,159,494	35	382,680	304,925	25
Depreciation & Amortisation	396,605	337,161	18	104,310	91,230	14	427,914	364,153	18	117,909	99,092	19
Other expenses	1,251,266	989,034	27	332,942	247,509	35	1,492,822	1,208,067	24	400,604	329,154	22
Results from operating activities	576,541	314,320	83	172,568	98,275	76	838,812	428,465	96	188,678	114,959	64
Share of profit of equity accounted investees, net of tax	76,695	43,069	78	(3)	13,333	(100)	-	-	-	-	-	-
Operating profit before value added tax (VAT) and nation building tax (NBT) on financial services	653,236	357,389	83	172,565	111,608	55	838,812	428,465	96	188,678	114,959	64
Less: VAT and NBT on financial services	217,302	122,143	78	40,875	35,748	14	252,170	136,283	85	46,915	38,583	22
Profit before tax	435,934	235,246	85	131,690	75,860	74	586,642	292,182	101	141,763	76,376	86
Less: Tax expenses	(15,245)	13,296	(215)	3,048	(13,502)	(123)	33,425	37,438	(11)	3,301	(11,005)	(130)
Profit for the year	451,179	221,950	103	128,642	89,362	44	553,219	254,744	117	138,462	87,381	58
Profit Attributable to:												
Owners of the parent	451,179	221,950	103	128,642	89,362	44	504,126	222,770	126	136,293	78,060	75
Non-controlling interest	-	-	-	-	-	-	49,093	31,974	54	2,169	9,321	(77)
	451,179	221,950	103	128,642	89,362	44	553,219	254,744	117	138,462	87,381	58
Earnings per share on profit												
Earnings per share - Basic							0.46	0.20	126	0.12	0.07	75
Earnings per share - Diluted							0.46	0.19	137	0.12	0.07	100

STATEMENT OF COMPREHENSIVE INCOME

Period ended 31 December 2016

	BANK						GROUP					
	For the year ended			For the quarter ended			For the year ended			For the quarter ended		
	31.12.2016 Rs.'000 (Audited)	31.12.2015 Rs.'000 Restated (Audited)	Change %	31.12.2016 Rs.'000	31.12.2015 Rs.'000	Change %	31.12.2016 Rs.'000 (Audited)	31.12.2015 Rs.'000 Restated (Audited)	Change %	31.12.2016 Rs.'000	31.12.2015 Rs.'000	Change %
Profit for the period	451,179	221,950	103	128,642	89,362	44	553,219	254,744	117	138,462	87,381	58
Other comprehensive income/(expenses)												
Other comprehensive income to be reclassified to profit or loss in subsequent periods:												
Gains and losses on re-measuring available for sale financial assets	(335,341)	(25,209)	1,230	(251,918)	(23,487)	973	(345,640)	(26,077)	1,225	(258,474)	(19,332)	1,237
Less: Income Tax effect on losses on re-measuring available for sale financial assets	93,895	7,059	1,230	-	-	-	93,895	7,059	1,230	-	-	-
Net other comprehensive income to be reclassified to profit or loss	(241,446)	(18,151)	1,230	(251,918)	(23,487)	973	(251,745)	(19,019)	1,224	(258,474)	(19,332)	
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:												
Actuarial gains and losses on defined benefit plans	(12,360)	(5,119)	141	(12,360)	(5,119)	141	(10,503)	(5,407)	94	(11,833)	(10,373)	100
Less: Deferred Tax effect on actuarial gains/(losses) on defined benefit plans	3,461	1,433	141	3,461	1,433	141	3,354	1,391	141	3,726	-	-
Net other comprehensive income not to be reclassified to profit or loss	(8,899)	(3,685)	141	(8,899)	(3,685)	141	(7,150)	(4,016)	78	(8,108)	(10,373)	
Share of profit of equity accounted investees, net of tax	(3,959)	(788)	403	(2,865)	2,189	(231)	-	-	-	-	-	-
Other comprehensive income for the period, net of taxes	(254,304)	(22,624)	1,024	(263,683)	(24,984)	955	(258,895)	(23,035)	(1,024)	(266,582)	(29,706)	797
Total comprehensive income for the period	196,875	199,326	(1)	(135,042)	64,378	(310)	294,324	231,709	(27)	(128,120)	57,675	(322)
Attributable to:												
Owners of the parent	196,875	199,326	(1)	(135,042)	64,378	(310)	249,821	200,147	25	(127,389)	46,590	(373)
Non-controlling interest	-	-		-	-		44,502	31,561	41	(731)	11,086	(107)
	196,875	199,326	(1)	(135,042)	64,378	(310)	294,323	231,708	27	(128,120)	57,675	(322)

INTERIM FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	BANK			GROUP			
	31.12.2016 Rs.'000 (Audited)	31.12.2015 Rs.'000 Restated (Audited)	Change %	1.1.2015 Rs.'000 Restated (Audited)	31.12.2016 Rs.'000 (Audited)	31.12.2015 Rs.'000 (Audited)	Change %
Assets							
Cash and cash equivalents	2,506,685	1,504,512	67	1,459,467	2,717,650	1,708,685	59
Balances with Central Bank of Sri Lanka	2,487,805	1,306,812	90	949,105	2,487,805	1,306,812	90
Placements with banks	2,819,629	284,078	893	73,995	2,826,710	294,074	861
Reverse repurchased agreements	2,137	1,513,425	(100)	10,543,106	275,498	1,619,467	(83)
Derivative financial instruments	15,412	13,481	14	4,150	15,412	13,481	14
Financial assets - held for trading	1,346,932	8,463,807	(84)	2,584,471	1,346,932	8,463,807	(84)
Loans and receivables to other customers	55,438,415	40,095,332	38	25,944,570	62,931,936	45,450,314	38
Other loans and receivables	7,747,231	5,721,551	35	2,470,115	6,739,578	4,967,278	36
Financial investments - available for sale	16,520,365	8,356,130	98	1,647,686	16,694,470	8,538,559	96
Financial investments - held to maturity	140,231	140,529	(0)	140,027	140,231	140,529	(0)
Current tax asset	268,454	208,404	29	149,448	268,454	224,555	20
Investment in real estate	-	-	-	-	189,449	213,274	(11)
Investments in subsidiaries	940,027	883,378	6	854,914	-	-	-
Goodwill and intangible assets	1,151,033	1,118,200	3	951,750	1,501,682	1,469,783	2
Property, plant and equipment	897,371	913,814	(2)	754,548	1,073,818	1,059,027	1
Deferred tax assets	82,534	-	100	-	541,807	485,102	12
Other assets	644,248	475,909	35	430,318	781,229	590,238	32
Total assets	93,008,509	70,999,362	31	48,957,670	100,532,661	76,544,985	31
Liabilities							
Due to banks	12,160,244	6,945,249	75	2,090,588	12,770,197	7,156,388	78
Derivative financial instruments	3,976	2,860	39	-	3,976	2,860	39
Repurchased agreements	10,256,670	8,242,551	100	1,116,489	10,113,570	7,994,533	100
Due to other customers	51,841,372	37,652,508	38	27,808,891	57,525,156	41,623,921	38
Other borrowed funds	-	-	-	-	833,095	1,281,085	(35)
Current tax liabilities	-	-	-	-	162,396	173,498	(6)
Deferred tax liabilities	-	30,089	(100)	25,284	289	30,554	(99)
Other liabilities	1,663,034	1,212,915	37	1,203,584	2,158,591	1,567,077	38
Total liabilities	75,925,296	54,086,172	40	32,244,836	83,567,270	59,829,916	40
Equity							
Stated capital	16,334,782	16,334,782	-	16,334,782	16,334,782	16,334,782	-
Share warrants	65,484	65,484	-	65,484	65,484	65,484	-
Statutory reserve fund	95,439	72,880	31	61,782	107,602	80,624	33
ESOP reserve	17,836	1,030	1632	-	17,836	1,030	1632
Available for sale reserve	(251,894)	(10,449)	2311	7,702	(247,088)	(4,576)	5300
Retained earnings	821,566	449,463	83	243,084	330,196	(91,502)	(461)
Total equity attributable to equity holders of the bank	17,083,213	16,913,190		16,712,834	16,608,812	16,385,842	
Non-controlling interests	-	-	-	-	356,579	329,227	8
Total equity	17,083,213	16,913,190		16,712,834	16,965,391	16,715,069	
Total equity and liabilities	93,008,509	70,999,362	31	48,957,670	100,532,661	76,544,985	31
Contingent liabilities and commitments	44,404,415	34,473,757	29	24,188,914	44,404,415	34,473,757	29
Net asset value per ordinary share (Rs.)	15.65	15.50	1	15.31	15.54	15.32	1

Memorandum information

Number of Employees	1,194	984	724
Number of Branches	65	64	61

BANK	Stated Capital	Share Warrants	Statutory Reserve Fund	ESOP Reserve	Available for sale Reserve	Retained Earnings	Total Equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 31 December 2014 (As previously reported)	16,334,782	65,484	61,782	-	(78)	288,314	16,750,284
Changes in Accounting Policies	-	-	-	-	7,780	(45,230)	(37,450)
Balance as at 1 January 2015 (Restated)	16,334,782	65,484	61,782	-	7,702	243,084	16,712,835
Total comprehensive income for the year							
Net Profit for the year	-	-	-	-	-	221,950	221,950
Other Comprehensive Income	-	-	-	-	(18,151)	(4,473)	(22,624)
Total comprehensive income	-	-	-	-	(18,151)	217,477	199,326
Transactions with equity holders, recognised directly in equity							
Fair value of ESOP	-	-	-	1,030	-	-	1,030
Transfers during the year	-	-	11,098	-	-	(11,098)	-
Balance as at 31 December 2015 (Restated)	16,334,782	65,484	72,880	1,030	(10,449)	449,463	16,913,190
Total comprehensive income for the year							
Net Profit for the year	-	-	-	-	-	451,179	451,179
Other Comprehensive Income	-	-	-	-	(241,445)	(12,858)	(254,303)
Total comprehensive income	-	-	-	-	(241,445)	438,321	196,876
Transactions with equity holders, recognised directly in equity							
Fair value of ESOP	-	-	-	16,806	-	-	16,806
Dividends to equity holders	-	-	-	-	-	(43,656)	(43,656)
Transfers during the year	-	-	22,560	-	-	(22,560)	-
Balance as at 31 December 2016	16,334,782	65,484	95,439	17,836	(251,894)	821,566	17,083,213

GROUP	Stated Capital	Share Warrants	Statutory Reserve Fund	ESOP Reserve	Available for sale Reserve	Retained Earnings	Total	Non-controlling Interest	Total Equity
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Balance as at 31 December 2014	16,334,782	65,484	69,168	-	14,085	(298,854)	16,184,665	312,366	16,497,031
Total comprehensive income for the year									
Net Profit for the year	-	-	-	-	-	222,770	222,770	31,972	254,743
Other Comprehensive Income	-	-	-	-	(18,661)	(3,962)	(22,623)	(411)	(23,034)
Total comprehensive income	-	-	-	-	(18,661)	218,808	200,148	31,561	231,709
Transactions with equity holders, recognised directly in equity									
Fair value of ESOP	-	-	-	1,030	-	-	1,030	-	1,030
Transfers during the year	-	-	11,456	-	-	(11,456)	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	(14,700)	(14,700)
Balance as at 31 December 2015	16,334,782	65,484	80,624	1,030	(4,576)	(91,502)	16,385,842	329,227	16,715,069
Total comprehensive income for the year									
Net Profit for the year	-	-	-	-	-	504,126	504,126	49,093	553,219
Other Comprehensive Income	-	-	-	-	(242,512)	(11,792)	(254,304)	(4,591)	(258,895)
Total comprehensive income	-	-	-	-	(242,512)	492,334	249,822	44,502	294,324
Transactions with equity holders, recognised directly in equity									
Fair value of ESOP	-	-	-	16,806	-	-	16,806	-	16,806
Transfers during the year	-	-	26,978	-	-	(26,978)	-	-	-
Dividends to equity holders	-	-	-	-	-	(43,656)	(43,656)	(17,150)	(60,806)
Balance as at 31 December 2016	16,334,782	65,484	107,602	17,836	(247,088)	330,196	16,608,812	356,579	16,965,391

INTERIM FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

Period ended 31 December 2016

	BANK		GROUP	
	2016 Rs.'000 (Audited)	2015 Rs.'000 (Audited)	2016 Rs.'000 (Audited)	2015 Rs.'000 (Audited)
Cash Flow from Operating Activities				
Interest receipts	6,443,556	3,751,511	7,676,042	4,485,752
Fee and commission receipts	575,047	180,598	741,836	343,016
Interest payments	(4,130,949)	(2,032,622)	(4,728,342)	(2,502,991)
Cash payments to employees and suppliers	-	-	-	-
Payments on other operating activities	(2,787,425)	(2,101,289)	(3,243,545)	(2,496,906)
Operating profit before changes in operating assets & liabilities	1,033,413	160,209	1,536,659	217,830
(Increase)/decrease in operating assets:				
Balances with Central Bank of Sri Lanka	(1,180,993)	(357,707)	(1,180,993)	(357,707)
Funds advanced to customers	(15,273,962)	(14,240,742)	(17,558,884)	(16,347,632)
Others	(172,406)	(52,062)	(171,234)	(27,179)
	(16,627,361)	(14,650,511)	(18,911,111)	(16,732,518)
Increase /(decrease) in operating liabilities:				
Due to banks & other customers	13,629,074	9,800,141	15,209,006	11,320,894
Repurchased agreements	2,016,652	7,109,814	2,121,571	6,882,591
Others	465,711	(140,902)	671,268	(29,424)
	16,111,438	16,769,052	18,001,844	18,174,061
Net cash from/(used in) operating activities before income tax	517,490	2,278,751	627,393	1,659,373
Retiring benefit obligation paid	(8,353)	(7,039)	(8,685)	(8,436)
Income tax paid	(28,020)	(10,812)	(46,053)	(28,520)
Net cash from/(used in) operating activities	481,117	2,260,901	572,655	1,622,418
Cash flow from/(used in) investing activities				
Dividends received	16,380	14,126	1,239	648
Investment in other financial assets held for trading	6,829,531	(5,608,120)	6,830,355	(5,608,120)
Investment in financial assets available for sale	(8,151,154)	(6,647,352)	(8,153,130)	(6,677,585)
Financial investments – held-to-maturity	7,115	(6,889)	7,115	(6,889)
Net increase in debt securities	(1,840,911)	(3,069,167)	(1,528,658)	(3,068,934)
Purchase of property, plant & equipment	(247,816)	(390,646)	(312,068)	(443,575)
Purchase of intangible assets	(213,288)	(141,869)	(305,093)	(143,213)
Proceeds from Sale of property, plant & equipment	2,321	1,416	8,403	6,988
Net cash from/(used in) investing activities	(3,597,822)	(15,848,501)	(3,451,837)	(15,940,679)
Cash flow from/(used in) financing activities				
Increase/decrease in borrowings	5,107,117	4,899,216	4,846,939	5,527,710
Dividend paid	(43,656)	-	(60,806)	(14,700)
Net cash from/(used in) financing activities	5,063,461	4,899,216	4,786,132	5,513,010
Net increase/(decrease) in cash and cash equivalents	1,946,756	(8,688,384)	1,906,950	(8,805,251)
Cash and cash equivalents at beginning of the year	3,243,723	11,932,107	3,563,864	12,369,116
Cash and cash equivalents at end of the year	5,190,479	3,243,723	5,470,814	3,563,864
Reconciliation of cash and cash equivalents				
Cash in hand and at banks	2,506,685	1,504,512	2,717,650	1,708,685
Placements with banks	2,819,207	284,074	2,826,288	294,070
Due to banks	(135,413)	(55,763)	(346,484)	(55,831)
Reverse repurchased agreements	-	1,510,899	273,360	1,616,941
Cash and cash equivalents at end of the year	5,190,479	3,243,723	5,470,814	3,563,864

1 LOANS AND RECEIVABLES TO OTHER CUSTOMERS

	BANK		GROUP	
	31.12.2016 Rs.'000 (Audited)	31.12.2015 Rs.'000 (Audited)	31.12.2016 Rs.'000 (Audited)	31.12.2015 Rs.'000 (Audited)
Gross loans and receivables (Note 1.1)	56,109,622	40,663,715	64,105,185	46,420,781
(Less): Individual impairment (Note 1.2)	(303,469)	(204,579)	(572,331)	(430,908)
Collective impairment (Note 1.2)	(367,737)	(363,804)	(600,918)	(539,560)
Net loans and receivables	55,438,416	40,095,332	62,931,935	45,450,314

1.1 Loans and Receivables to other customers - by product

Overdrafts	9,830,954	7,804,094	9,706,016	7,776,506
Trade finance	11,540,503	9,163,730	11,540,503	9,163,730
Pawning	196,948	397,987	196,948	397,987
Staff loans	700,800	520,019	700,875	521,185
Term loans	32,089,264	21,209,689	33,512,244	22,233,000
Lease and Hire purchase	1,339,952	1,164,132	6,240,628	4,591,950
Factoring	411,200	404,064	1,967,785	1,523,938
Others	-	-	240,186	212,486
Gross Loans and Receivables	56,109,622	40,663,715	64,105,185	46,420,781

1.2 Movements in Individual and Collective Impairment for the period

Individual impairment				
Opening balance as at 1 January	204,579	126,310	430,908	761,678
Charge to statement of profit or loss	98,890	78,269	141,424	167,034
Net write-off during the year	-	-	-	(497,804)
Closing balance as at 31 December	303,469	204,579	572,331	430,908
Collective impairment				
Opening balance as at 1 January	363,804	487,995	539,560	669,111
Charge to statement of profit or loss	53,424	98,460	110,849	93,100
Net write-off during the period	(49,491)	(222,651)	(49,491)	(222,651)
Closing balance as at 31 December	367,737	363,804	600,918	539,560
Total Impairment Balance	671,206	568,384	1,173,250	970,467

2 DUE TO OTHER CUSTOMERS

	BANK		GROUP	
	31.12.2016 Rs.'000 (Audited)	31.12.2015 Rs.'000 (Audited)	31.12.2016 Rs.'000 (Audited)	31.12.2015 Rs.'000 (Audited)
Customer Deposits				
Demand deposits	3,545,187	2,933,982	3,543,266	2,930,651
Savings deposits	8,812,711	6,104,594	8,823,308	6,100,051
Fixed deposits	37,103,699	26,166,794	42,778,807	30,146,080
Other deposits	2,379,775	2,447,138	2,379,775	2,447,138
	51,841,372	37,652,508	57,525,156	41,623,921

INTERIM FINANCIAL STATEMENTS

EXPLANATORY NOTES

Period ended 31 December 2016

- 1 The information contained in these statements have been extracted from the audited financial statements for the year ended 31 December 2016 of the Bank and the Group and are mentioned as " Audited ".
- 2 These Interim Financial Statements have been prepared in compliance with the requirements of the Sri Lanka Accounting Standard - LKAS 34 on 'Interim Financial Reporting' and provide the information as required in terms of Rule 7.4 of the Colombo Stock Exchange. The Group financial statements comprise a consolidation of the financial statements of the Bank and its subsidiaries, National Asset Management Limited & UB Finance Company Limited and the Special Purpose Entity, Serandib Capital (Private) Limited.
- 3 There are no changes to the accounting policies and methods of computation, except for the changes to the accounting policies which have been disclosed in Note 40 "Comparative Information" in the audited financial statements for the year ended 31 December 2016.
- 4 No material events have been taken place subsequent to the reporting period that require disclosures or/ and adjustment in the Financial Statements other than mentioned below;
The Board of Directors of the Bank has recommended and approved a dividend of Rs. 0.10 per share for the financial year ended 31 December 2016.

5 Information on ordinary shares

Market Value	31.12.2016	31.12.2015
	Rs.	Rs.
Market value	15.40	20.20
Highest price for the quarter	17.10	22.60
Lowest price for the quarter	15.00	20.00

SEGMENTAL ANALYSIS
 For the year ended 31 December (Audited)

	Corporate		Treasury		SME		Retail		Other Group Companies		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	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 31 December												
Interest Income	2,161,126	1,179,162	1,891,082	896,567	2,473,046	1,645,495	540,955	307,024	1,403,003	970,257	8,469,212	4,998,505
Add: Inter-Segment Interest Income	-	-	(53,237)	-	-	-	3,098,785	2,235,034	-	-	3,045,548	2,235,034
Total Interest Income	2,161,126	1,179,162	1,837,845	896,567	2,473,046	1,645,495	3,639,740	2,542,058	1,403,003	970,257	11,514,761	7,233,539
Less: Interest Expense	470,532	150,578	1,411,026	387,150	2,348	8,522	2,815,562	1,602,103	749,293	410,075	5,448,761	2,558,428
Less: Inter-Segment Interest Expense	1,143,122	764,972	249,452	249,452	1,902,426	1,220,610	-	-	-	-	3,045,548	2,235,034
Net Interest Income	547,473	263,612	426,819	259,965	568,271	416,363	824,178	939,955	653,710	560,182	3,020,451	2,440,078
Other Income	138,436	97,294	571,625	426,366	328,050	265,575	155,865	8,822	365,806	197,392	1,559,781	995,450
Total Net Income	685,909	360,907	998,444	686,332	896,321	681,939	980,043	948,777	1,019,516	757,574	4,580,232	3,435,528
Less: Expenses including impairments	710,229	388,668	614,366	393,270	928,948	725,844	910,833	984,105	577,046	515,176	3,741,421	3,007,064
Segmental Results	(24,320)	(27,762)	384,079	293,062	(32,627)	(43,906)	69,210	(35,329)	442,470	242,398	838,811	428,464
Less: VAT and NBT on Financial Services											252,170	136,284
Less: Taxation											33,424	37,437
Profit after Taxation											553,217	254,743
Cash flow from operating activities	92,679	656,523	134,908	541,627	121,109	895,706	132,422	167,045	(176,095)	(638,483)	305,022	1,622,418
Cash flow from investing activities	(88,376)	(154,221)	(3,267,684)	(15,317,402)	(115,487)	(210,407)	(126,274)	(39,240)	415,755	(219,410)	(3,182,067)	(15,940,679)
Cash flow from financing activities	-	-	5,063,461	4,899,216	-	-	-	-	(277,329)	613,794	4,786,132	5,513,010
As at 31 December										613,794		
Other Information												
Segment Assets	26,760,098	20,860,915	31,784,676	22,935,433	23,285,058	18,498,170	9,680,285	4,362,801	4,855,553	7,885,846	96,365,670	74,543,164
Unallocated											4,166,991	2,001,821
Consolidated Total Assets											100,532,661	76,544,986
Segment Liabilities	8,929,785	4,686,267	22,361,431	15,216,824	-	247,523	42,186,499	33,470,802	7,768,278	5,527,064	81,245,993	59,148,481
Unallocated											2,321,276	681,436
Consolidated Total Liabilities											83,567,269	59,829,917

INTERIM FINANCIAL STATEMENTS**INFORMATION ON ORDINARY SHARES OF THE BANK**

As at 31 December 2016

TOP 20 SHAREHOLDERS

	Name	No. of shares as at 31.12.2016	% holding
1	Culture Financial Holdings Ltd	763,984,374	70.00%
2	Vista Knowledge Pte Ltd	64,677,973	5.93%
3	Associated Electrical Corporation Ltd	29,237,387	2.68%
4	Mr. A.I. Lovell	23,659,255	2.17%
5	Mr. C.P.A. Wijeyesekera	18,508,468	1.70%
6	Dr. T. Senthilverl	16,825,244	1.54%
7	Mr. D.A.J. Warnakulasuriya	14,842,730	1.36%
8	Ashyaki Holdings (Pvt) Ltd	7,792,806	0.71%
9	Mr. M.D. Samarawickrama	7,660,582	0.70%
10	Mr. S.P. Khattar	7,343,365	0.67%
11	Sterling Holdings (Private)Ltd	7,207,557	0.66%
12	Soflogie Life Insurance PLC – A/C 02 (Life Fund)	6,023,317	0.55%
13	Rosewood (Pvt) Limited – Account No. 1	4,684,901	0.43%
14	Anverally and Sons (Pvt) Ltd A/C No 01	4,422,277	0.41%
15	Commercial Agencies (Ceylon) Ltd	4,050,833	0.37%
16	Ajita De Zoysa & Company Limited	4,050,832	0.37%
17	EXSAB International Holding Co. for Trading Development	2,202,139	0.20%
18	Mr. A. I. T. Hettiarachchi	2,082,000	0.19%
19	Ceylon Biscuits Limited	2,000,000	0.18%
20	Standard Chartered Bank Singapore S/A HL Bank Singapore Branch	1,990,789	0.18%
		993,246,829	91.00%
	Other shareholders	98,159,420	9.00%
	Total	1,091,406,249	100.00%

As at 31 December 2016

Number of shares in public holding	238,901,847
Number of public shareholders	32,640
Percentage of public holding	21.89%

DIRECTORS' INDIVIDUAL HOLDING IN SHARES

Name	No. of shares held as at 31.12.2016
Dr. P. Jayendra Nayak	None
Mr. Bodahandi Asoka Keerthi De Silva	8,900
Ms. Sow Lin Chiew (Alternate Director Ms. Yoke Sun Woon)	None
Mr. Priyantha Fernando	None
Mr. Sabry Ghouse	None
Mr. Ranvir Dewan	None
Mr. Gaurav Trehan	None
Mr. Puneet Bhatia	None
Mr. Michael J. O'Hanlon (Alternate Director Mr. Sumedh Jog)	None
Ms. Ayomi Aluwihare	None
Mr. Indrajit Wickramasinghe	None
Mr. Yudhishtan Kanagasabai	None

MEASUREMENT OF FINANCIAL INSTRUMENTS

a. Bank - 31 December 2016 (Audited)

	Fair Value through P & L Rs.000	Held to Maturity Rs.000	Loans & Receivables Rs.000	Available for Sale Rs.000	Total Rs.000
ASSETS					
Cash and cash equivalents	-	-	2,506,685	-	2,506,685
Balances with Central Bank	-	-	2,487,805	-	2,487,805
Placements with banks	-	-	2,819,629	-	2,819,629
Reverse repurchased agreements	-	-	2,137	-	2,137
Derivative financial instruments	15,412	-	-	-	15,412
Financial assets - held for trading	1,346,932	-	-	-	1,346,932
Loans and receivables to other customers	-	-	55,438,415	-	55,438,415
Other loans and receivables	-	-	7,747,231	-	7,747,231
Financial investments - Available for sale	-	-	-	16,520,365	16,520,365
Financial investments - Held to maturity	-	140,231	-	-	140,231
Other assets	-	-	105,667	-	105,667
Total financial assets	1,362,344	140,231	71,107,568	16,520,365	89,130,508

	Fair Value through P & L Rs.000	Loans & Receivables Rs.000	Total Rs.000
LIABILITIES			
Due to banks	-	12,160,244	12,160,244
Derivative financial instruments	3,976	-	3,976
Repurchased agreements	-	10,256,670	10,256,670
Due to other customers	-	51,841,372	51,841,372
Other liabilities	-	1,279,019	1,279,019
Total financial liabilities	3,976	75,537,305	75,541,281

b. Bank - 31 December 2015 (Audited)

	Fair Value through P & L Rs.000	Held to Maturity Rs.000	Loans & Receivables Rs.000	Available for Sale Rs.000	Total Rs.000
ASSETS					
Cash and cash equivalents	-	-	1,504,512	-	1,504,512
Balances with Central Bank	-	-	1,306,812	-	1,306,812
Placements with banks	-	-	284,078	-	284,078
Reverse repurchased agreements	-	-	1,513,425	-	1,513,425
Derivative financial instruments	13,481	-	-	-	13,481
Financial assets - held for trading	8,463,807	-	-	-	8,463,807
Loans and receivables to other customers	-	-	40,095,332	-	40,095,332
Other loans and receivables	-	-	5,721,549	-	5,721,549
Financial investments - Available for sale	-	-	-	8,356,130	8,356,130
Financial investments - Held to maturity	-	140,529	-	-	140,529
Other assets	-	-	49,039	-	49,039
Total financial assets	8,477,288	140,529	50,474,747	8,356,130	67,448,694

	Fair Value through P & L Rs.000	Loans & Receivables Rs.000	Total Rs.000
LIABILITIES			
Due to banks	-	6,945,249	6,945,249
Derivative financial instruments	2,860	-	2,860
Repurchased agreements	-	8,242,551	8,242,551
Due to other customers	-	37,652,508	37,652,508
Other liabilities	-	954,193	954,193
Total financial liabilities	2,860	53,794,501	53,797,361

MEASUREMENT OF FINANCIAL INSTRUMENTS

a. Group - 31 December 2016 (Audited)

	Fair Value through P & L Rs.000	Held to Maturity Rs.000	Loans & Receivables Rs.000	Available for Sale Rs.000	Total Rs.000
ASSETS					
Cash and cash equivalents	-	-	2,717,650	-	2,717,650
Balances with Central Bank	-	-	2,487,805	-	2,487,805
Placements with banks	-	-	2,826,710	-	2,826,710
Reverse repurchased agreements	-	-	275,498	-	275,498
Derivative financial instruments	15,412	-	-	-	15,412
Other financial assets - Held for trading	1,346,932	-	-	-	1,346,932
Loans and receivables to other customers	-	-	62,931,936	-	62,931,936
Other loans and receivables	-	-	6,739,578	-	6,739,578
Financial investments - Available for sale	-	-	-	16,694,470	16,694,470
Financial investments - Held to maturity	-	140,231	-	-	140,231
Other assets	-	-	123,349	-	123,349
Total financial assets	1,362,344	140,231	78,102,526	16,694,470	96,299,571

	Fair Value through P & L Rs.000	Loans & Receivables Rs.000	Total Rs.000
LIABILITIES			
Due to banks	-	12,770,197	12,770,197
Derivative financial instruments	3,976	-	3,976
Repurchased agreements	-	10,113,570	10,113,570
Due to other customers	-	57,525,156	57,525,156
Other borrowed funds	-	833,095	833,095
Other liabilities	-	1,643,927	1,643,927
Total financial liabilities	3,976	82,885,945	82,889,921

b. Group - 31 December 2016 (Audited)

	Fair Value through P & L Rs.000	Held to Maturity Rs.000	Loans & Receivables Rs.000	Available for Sale Rs.000	Total Rs.000
ASSETS					
Cash and cash equivalents	-	-	1,708,685	-	1,708,685
Balances with Central Bank	-	-	1,306,812	-	1,306,812
Placements with banks	-	-	294,074	-	294,074
Reverse repurchased agreements	-	-	1,619,467	-	1,619,467
Derivative financial instruments	13,481	-	-	-	13,481
Financial assets - held for trading	8,463,807	-	-	-	8,463,807
Loans and receivables to other customers	-	-	45,450,314	-	45,450,314
Other loans and receivables	-	-	4,967,278	-	4,967,278
Financial investments - Available for sale	-	-	-	8,538,559	8,538,559
Financial investments - Held to maturity	-	140,529	-	-	140,529
Other assets	-	-	75,136	-	75,136
Total financial assets	8,477,288	140,529	55,421,766	8,538,559	72,578,142

	Fair Value through P & L Rs.000	Loans & Receivables Rs.000	Total Rs.000
LIABILITIES			
Due to banks	-	7,156,388	7,156,388
Derivative financial instruments	2,860	-	2,860
Repurchased agreements	-	7,994,533	7,994,533
Due to other customers	-	41,623,921	41,623,921
Other borrowed funds	-	1,281,085	1,281,085
Other liabilities	-	1,254,988	1,254,988
Total financial liabilities	2,860	59,310,915	59,313,775

INTERIM FINANCIAL STATEMENTS
SELECTED PERFORMANCE INDICATORS

As at 31 December 2016

Item	BANK	
	31-Dec-16	31-Dec-15
Regulatory Capital Adequacy		
Core Capital (Tier 1 Capital), Rs. '000	15,688,158	15,475,259
Total Capital Base, Rs. '000	15,257,726	15,194,826
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	22.87%	24.68%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	22.24%	24.23%
Assets Quality (Quality of Loan Portfolio)		
Gross Non-Performing Advances Ratio, % (net of interest in suspense)	2.40%	3.55%
Net-Non Performing Advances,% (net of interest in suspense and provision)	1.60%	2.69%
Profitability		
Interest Margin, %	3.06%	3.37%
Return on Assets (Before Tax), %	0.53%	0.34%
Return on Assets (After Tax), %	0.55%	0.32%
Return on Equity (After Tax), %	2.65%	1.14%
Regulatory Liquidity		
Statutory Liquid Assets, Rs. '000		
Domestic Banking Unit	13,246,635	8,966,288
Foreign Currency Banking Unit	901,821	621,730
Statutory Liquid Assets Ratio, % (Minimum Requirement, 20%)		
Domestic Banking Unit	22.02%	21.87%
Foreign Currency Banking Unit	21.79%	22.70%

CERTIFICATION:

We, the undersigned, being the Chairman, Director/ Chief Executive Officer and Chief Financial Officer of Union Bank of Colombo PLC certify jointly that:

(a) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka.

(b) the information contained in these statements have been extracted from the unaudited financial statements of the Bank and the Group unless indicated as audited.

Signed

Malinda Samaratunga
Chief Financial Officer

Signed

Indrajit Wickramasinghe
Director/ Chief Executive Officer

Signed

P. Jayendra Nayak
Chairman

Date: 23 February 2017

Name of Company

Union Bank of Colombo PLC

Legal Form

A Public Limited Liability Company incorporated in Sri Lanka under the Companies Act No. 17 of 1982. Re-registered under the Companies Act No. 7 of 2007. Listed as a public quoted Company at the Colombo Stock Exchange. A Licensed Commercial Bank under the Banking Act No. 30 of 1988.

Date of Incorporation

February 2nd, 1995

Company Registration Number

PB 676 PQ

Accounting Year-end

December-31

Subsidiary Companies

National Asset Management Ltd.

UB Finance Company Ltd.

Tax Payer Identity Number (TIN)

134005610

VAT Registration Number

134005610-7000

Credit Rating

Fitch : BB+ (lka) Positive Rating

ICRA : (SL) BBB Stable Rating

Registered Office & Principal Place of Business

No. 64, Galle Road,

Colombo 03, Sri Lanka.

Telephone : +94 11 2374100

Fax: +94 11 2370971

E-mail: info@unionb.com

Web Address: www.unionb.com

Company Secretary

Nirosha Kannangara

Auditors

M/s. Ernst & Young

Chartered Accountants,

No. 201, De Saram Place,

Colombo 10.