



# **INTERIM FINANCIAL STATEMENTS**

For the period ended 31 March 2018



# INTERIM FINANCIAL STATEMENTS

## STATEMENT OF PROFIT OR LOSS

Period ended 31 March 2018

	BANK			GROUP		
	For the three months ended			For the three months ended		
	31.03.2018 Rs.000	31.03.2017 Rs.000	Change %	31.03.2018 Rs.000	31.03.2017 Rs.000	Change %
<b>Gross Income</b>	3,367,088	2,613,770	29	3,899,438	3,084,702	26
Interest income	2,922,061	2,344,596	25	3,398,797	2,737,494	24
Less: Interest expenses	2,068,603	1,577,636	31	2,357,841	1,815,225	30
<b>Net interest income</b>	853,458	766,960	11	1,040,956	922,269	13
Fee and commission income	224,288	190,809	18	272,893	237,750	15
Less: Fee and commission expenses	27,438	24,746	11	35,347	33,428	6
<b>Net fee and commission income</b>	196,850	166,063	19	237,546	204,322	16
Net trading income	116,274	48,828	138	116,274	48,828	138
Net gains from financial investments	58,094	6,306	821	60,548	9,163	561
Net gain/ (loss) from financial instruments designated at fair value through profit or loss	-	-		-	-	
Other operating income	46,372	23,231	100	50,926	51,466	(1)
<b>Total operating income</b>	1,271,048	1,011,388	26	1,506,250	1,236,048	22
<b>Less: Impairment charge</b>						
Individual Impairment	85,610	82,204	4	100,876	101,804	(1)
Collective Impairment	23,402	11,163	110	45,450	19,192	137
Others	-	-		(20,642)	-	(100)
<b>Net operating income</b>	1,162,036	918,021	27	1,380,566	1,115,052	24
Less: Personnel expenses	425,255	351,383	21	488,096	408,801	19
Depreciation & amortisation	104,222	92,992	12	111,381	100,888	10
Other expenses	408,611	327,025	25	474,143	382,722	24
<b>Total operating expenses</b>	938,088	771,400	22	1,073,620	892,411	20
<b>Results from operating activities</b>	223,948	146,621	53	306,946	222,641	38
Share of profit of equity accounted investees, net of tax	22,214	20,353	9	-	-	
<b>Operating profit before value added tax (VAT) and nation building tax (NBT) on financial services</b>	246,162	166,974	47	306,946	222,641	38
Less: VAT and NBT on financial services	99,632	60,447	65	115,327	72,395	59
<b>Profit before tax</b>	146,530	106,527	38	191,619	150,246	28
Less: Tax expenses	16,308	11,583	41	37,913	30,612	24
<b>Profit after tax</b>	130,222	94,944	37	153,706	119,634	28
<b>Profit Attributable to:</b>						
Owners of the parent	130,222	94,944	37	141,383	107,521	31
Non-controlling interest	-	-		12,323	12,113	2
<b>Profit after tax</b>	130,222	94,944	37	153,706	119,634	28
<b>Earnings per share</b>						
Earnings per share - Basic	0.12	0.09	37	0.13	0.10	31
Earnings per share - Diluted	0.12	0.09	37	0.13	0.10	31

**STATEMENT OF COMPREHENSIVE INCOME**

Period ended 31 March 2018

	<b>BANK</b>			<b>GROUP</b>		
	<b>For the three months ended</b>			<b>For the three months ended</b>		
	<b>31.03.2018</b>	<b>31.03.2017</b>	<b>Change</b>	<b>31.03.2018</b>	<b>31.03.2017</b>	<b>Change</b>
	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>%</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>%</b>
<b>Profit for the period</b>	130,222	94,944	37	153,706	119,634	28
<b>Other comprehensive income</b>						
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>						
Gains and losses on re-measuring available for sale financial assets	(112,958)	(102,390)	(10)	(115,386)	(102,888)	(12)
Gains and losses (arising from translating the financial statements of a foreign operation)	-	-		-	-	
Gains and losses on cash flow hedges	-	-		-	-	
Less: Income tax effect on losses on re-measuring available for sale financial assets	31,628	28,669	(100)	31,628	28,669	10
Share of other comprehensive income of equity accounted investees, net of tax	(1,238)	(246)	(404)	-	-	
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>	<b>(82,568)</b>	<b>(73,967)</b>	<b>(12)</b>	<b>(83,758)</b>	<b>(74,219)</b>	<b>(13)</b>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>						
Actuarial gains and losses on defined benefit plans	-	-		-	-	
Less: Income tax effect on actuarial gains/(losses) on defined benefit plans	-	-		-	-	
Share of other comprehensive income of equity accounted investees, net of tax	-	-		-	-	
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	
<b>Other comprehensive income for the period, net of taxes</b>	<b>(82,568)</b>	<b>(73,967)</b>	<b>(12)</b>	<b>(83,758)</b>	<b>(74,219)</b>	<b>(13)</b>
<b>Total comprehensive income for the period</b>	<b>47,654</b>	<b>20,977</b>	<b>127</b>	<b>69,948</b>	<b>45,415</b>	<b>54</b>
<b>Attributable to:</b>						
Owners of the parent	47,654	20,977	127	58,815	33,555	75
Non-controlling interest	-	-		11,133	11,860	(6)
	<b>47,654</b>	<b>20,977</b>	<b>127</b>	<b>69,948</b>	<b>45,415</b>	<b>54</b>

**INTERIM FINANCIAL STATEMENTS**

**STATEMENT OF FINANCIAL POSITION**

As at 31 March 2018

	BANK			GROUP		
	31.03.2018 Rs.'000	31.12.2017 Rs.'000 Audited	Change %	31.03.2018 Rs.'000	31.12.2017 Rs.'000 Audited	Change %
<b>Assets</b>						
Cash and cash equivalents	2,533,963	4,697,738	(46)	2,870,602	5,057,422	(43)
Balances with Central Bank of Sri Lanka	3,891,957	3,785,679	3	3,891,957	3,785,679	3
Placements with banks	83,135	716,147	(88)	81,916	866,690	(91)
Reverse repurchased agreements	450,405	1,795		756,058	301,297	151
Derivative financial instruments	2,174	2,760	(21)	2,174	2,760	(21)
Financial investments – held for trading	2,915,204	5,949,023	(51)	2,915,204	5,949,023	(51)
Financial investments designated at fair value through profit or loss	-	-		-	-	
Loans and receivables to other customers	70,736,407	70,577,923	0	79,756,856	79,220,956	1
Other loans and receivables	10,343,333	9,609,639	8	9,405,015	8,674,102	8
Financial investments – available for sale	15,948,247	16,453,207	(3)	16,053,363	16,604,761	(3)
Financial investments – held to maturity	3,388,760	2,546,553	33	3,538,760	2,546,553	39
Current tax asset	447,841	436,280	3	447,841	436,284	3
Investment in real estate	-	-		163,830	152,914	7
Investments in subsidiaries	1,237,626	1,262,612	(2)	-	-	
Goodwill and intangible assets	1,183,734	1,220,999	(3)	1,531,541	1,568,398	(2)
Property, plant and equipment	847,835	888,359	(5)	1,013,032	1,058,067	(4)
Deferred tax assets	-	-		426,270	433,728	(2)
Other assets	936,835	858,695	9	1,028,817	942,198	9
<b>Total assets</b>	<b>114,947,456</b>	<b>119,007,408</b>	<b>(3)</b>	<b>123,883,236</b>	<b>127,600,832</b>	<b>(3)</b>
<b>Liabilities</b>						
Due to banks	15,313,159	17,208,641	(11)	15,513,784	17,298,727	(10)
Derivative financial instruments	5,148	4,867	6	5,148	4,867	6
Financial liabilities designated at fair value through profit or loss	-	-		-	-	
Repurchased agreements	9,713,651	10,381,193	(6)	9,563,651	10,218,055	(6)
Due to other customers	69,038,207	70,325,594	(2)	75,931,258	76,747,977	(1)
Other borrowed funds	1,286,037	1,224,812	5	2,665,238	2,968,233	(10)
Debt securities issued	-	-		-	-	
Subordinated term debts	-	-		-	-	
Current tax liabilities	-	-		186,814	173,207	8
Deferred tax liabilities	115,922	144,922	(20)	116,278	145,278	(20)
Other Provisions	-	-		-	-	
Other liabilities	1,677,740	1,859,682	(10)	2,146,160	2,202,772	(3)
<b>Total liabilities</b>	<b>97,149,864</b>	<b>101,149,711</b>	<b>(4)</b>	<b>106,128,331</b>	<b>109,759,116</b>	<b>(3)</b>

**INTERIM FINANCIAL STATEMENTS**

**STATEMENT OF FINANCIAL POSITION**

As at 31 March 2018

	BANK			GROUP		
	31.03.2018 Rs.'000	31.12.2017 Rs.'000 Audited	Change %	31.03.2018 Rs.'000	31.12.2017 Rs.'000 Audited	Change %
<b>Equity</b>						
Stated capital	16,334,782	16,334,782	0	16,334,782	16,334,782	0
Share warrants	65,484	65,484	0	65,484	65,484	0
Statutory reserve fund	122,767	116,256	6	138,030	131,519	5
ESOP reserve	37,230	35,848	4	37,230	35,848	4
Available for sale reserve	68,002	150,570	(55)	72,809	155,377	(53)
Retained earnings	1,169,327	1,154,757	1	740,175	714,444	4
<b>Total shareholders' equity</b>	<b>17,797,592</b>	<b>17,857,697</b>	<b>(0)</b>	<b>17,388,510</b>	<b>17,437,454</b>	<b>(0)</b>
Non-controlling interests	-	-		366,395	404,262	(9)
<b>Total equity</b>	<b>17,797,592</b>	<b>17,857,697</b>	<b>(0)</b>	<b>17,754,905</b>	<b>17,841,716</b>	<b>(0)</b>
<b>Total equity and liabilities</b>	<b>114,947,456</b>	<b>119,007,408</b>	<b>(3)</b>	<b>123,883,236</b>	<b>127,600,832</b>	<b>(3)</b>
<b>Contingent liabilities and commitments</b>	<b>46,334,686</b>	<b>39,286,551</b>	<b>18</b>	<b>46,334,686</b>	<b>39,286,551</b>	<b>18</b>
<b>Net asset value per ordinary share (Rs.)</b>	<b>16.31</b>	<b>16.36</b>	<b>(0)</b>	<b>15.93</b>	<b>15.98</b>	<b>(0)</b>

**Memorandum information**

Number of Employees	1,263	1,269
Number of Branches	67	67

**CERTIFICATION:**

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

.....  
Malinda Samaratunga  
Chief Financial Officer

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

.....  
Atul Malik  
Chairman

Date: 25 April 2018

BANK	Stated Capital	Share Warrants	Statutory Reserve	ESOP Reserve	Available for sale	Retained Earnings	Total Equity
	Rs.'000	Rs.'000	Fund Rs.'000	Rs.'000	Reserve Rs.'000	Rs.'000	Rs.'000
<b>Balance as at 1 January 2017</b>	16,334,782	65,484	95,439	17,836	(251,894)	821,568	17,083,215
Net profit for the period	-	-	-	-	-	94,944	94,944
Other comprehensive Income	-	-	-	-	(73,967)	-	(73,967)
<b>Total comprehensive Income</b>	-	-	-	-	(73,967)	94,944	20,977
Dividend Paid	-	-	-	-	-	(109,141)	(109,141)
Fair value of ESOP	-	-	-	4,220	-	-	4,220
Transfers during the period	-	-	4,747	-	-	(4,747)	-
<b>Balance as at 31 March 2017</b>	16,334,782	65,484	100,186	22,056	(325,861)	802,624	16,999,271
<b>Balance as at 1 January 2018</b>	16,334,782	65,484	116,256	35,848	150,570	1,154,757	17,857,697
Net profit for the period	-	-	-	-	-	130,222	130,222
Other comprehensive Income	-	-	-	-	(82,568)	-	(82,568)
<b>Total comprehensive Income</b>	-	-	-	-	(82,568)	130,222	47,654
Dividend Paid	-	-	-	-	-	(109,141)	(109,141)
Fair value of ESOP	-	-	-	1,382	-	-	1,382
Transfers during the period	-	-	6,511	-	-	(6,511)	-
<b>Balance as at 31 March 2018</b>	16,334,782	65,484	122,767	37,230	68,002	1,169,327	17,797,592

GROUP	Stated Capital	Share Warrants	Statutory Reserve	ESOP Reserve	Available for sale	Retained Earnings	Total	Non-controlling	Total Equity
	Rs.'000	Rs.'000	Fund Rs.'000	Rs.'000	Reserve Rs.'000	Rs.'000	Rs.'000	Interest Rs.'000	Rs.'000
<b>Balance as at 1 January 2017</b>	16,334,782	65,484	107,602	17,836	(247,088)	330,196	16,608,812	356,579	16,965,392
Net profit for the period	-	-	-	-	-	107,521	107,521	12,113	119,634
Other comprehensive Income	-	-	-	-	(73,967)	-	(73,966)	(252)	(74,217)
<b>Total comprehensive Income</b>	-	-	-	-	(73,967)	107,521	33,556	11,861	45,417
Fair value of ESOP	-	-	-	4,220	-	-	4,220	-	4,220
Transfers during the period	-	-	4,747	-	-	(4,747)	-	-	-
Dividend Paid	-	-	-	-	-	(109,141)	(109,141)	-	(109,141)
<b>Balance as at 31 March 2017</b>	16,334,782	65,484	112,349	22,056	(321,055)	323,829	16,537,447	368,440	16,905,888
<b>Balance as at 1 January 2018</b>	16,334,782	65,484	131,519	35,848	155,377	714,444	17,437,454	404,262	17,841,716
Net profit for the period	-	-	-	-	-	141,383	141,383	12,323	153,706
Other comprehensive Income	-	-	-	-	(82,568)	-	(82,568)	(1,190)	(83,758)
<b>Total comprehensive Income</b>	-	-	-	-	(82,568)	141,383	58,815	11,133	69,948
Fair value of ESOP	-	-	-	1,382	-	-	1,382	-	1,382
Transfers during the period	-	-	6,511	-	-	(6,511)	-	-	-
Dividend Paid	-	-	-	-	-	(109,141)	(109,141)	(49,000)	(158,141)
<b>Balance as at 31 March 2018</b>	16,334,782	65,484	138,030	37,230	72,809	740,175	17,388,510	366,395	17,754,905

**INTERIM FINANCIAL STATEMENTS**
**STATEMENT OF CASH FLOWS**

Period ended 31 March 2018

	BANK		GROUP	
	31.03.2018 Rs.'000	31.03.2017 Rs.'000	31.03.2018 Rs.'000	31.03.2017 Rs.'000
<b>Cash Flow from Operating Activities</b>				
Interest received	3,019,815	2,476,058	4,070,591	2,894,531
Fees and commission receipts	196,850	166,063	237,546	204,322
Interest paid	(2,081,313)	(1,390,928)	(2,320,184)	(1,581,077)
Receipts from Other operating activities	272,331	54,641	279,340	85,734
Payments on Other operating activities	(915,644)	(721,970)	(1,057,816)	(846,381)
<b>Operating Profit/(Loss) before changes in Operating Assets &amp; Liabilities</b>	<b>492,038</b>	<b>583,863</b>	<b>1,209,477</b>	<b>757,129</b>
<b>(Increase)/Decrease in Operating Assets:</b>				
Balance with Central Bank of Sri Lanka	(106,279)	(524,100)	(106,279)	(524,100)
Funds advanced to customers	(249,800)	(5,860,793)	(1,257,205)	(6,227,898)
Others	(75,755)	(104,751)	(86,032)	(61,809)
	(431,834)	(6,489,644)	(1,449,516)	(6,813,807)
<b>Increase /(Decrease) in Operating Liabilities:</b>				
Due to other customers	(1,200,508)	5,241,667	(751,159)	5,333,097
Repurchased agreements	(662,631)	1,446,101	(649,493)	1,425,083
Other liabilities	(191,944)	831,489	(49,708)	749,143
	(2,055,083)	7,519,257	(1,450,360)	7,507,324
<b>Net Cash from/(used in) Operating Activities before Income Tax</b>	<b>(1,994,880)</b>	<b>1,613,477</b>	<b>(1,690,399)</b>	<b>1,450,644</b>
Retiring gratuity paid	(6,189)	(550)	(6,800)	(650)
Income tax paid	(49,618)	(39,491)	(43,973)	(45,124)
<b>Net Cash from/(used in) Operating Activities</b>	<b>(2,050,688)</b>	<b>1,573,436</b>	<b>(1,741,171)</b>	<b>1,404,870</b>
<b>Cash Flow from/(used in) Investing Activities</b>				
Dividends received	45,962	-	-	-
Net investment in other financial assets - Held for trading	3,027,293	(155,078)	3,027,293	(155,078)
Net increase in investment in financial assets - Held to maturity	(805,633)	(24)	(955,633)	(24)
Net increase in investment in financial assets - Available for sale	271,825	(395,353)	315,835	(431,261)
Net increase in debt securities	(755,612)	495,348	(734,582)	558,650
Net investment in real estates	-	-	9,726	37,132
Purchase of property & equipment	(25,887)	(49,673)	(27,974)	(51,710)
Purchase of intangible assets	(5,520)	(43,117)	(6,485)	(43,008)
Proceeds from sale of property, plant & equipment	8,140	-	8,140	-
<b>Net Cash used in Investing Activities</b>	<b>1,760,568</b>	<b>(147,897)</b>	<b>1,636,320</b>	<b>(85,298)</b>
<b>Cash Flow from/(used in) Financing Activities</b>				
Increase in borrowings	(1,781,615)	411,302	(2,291,305)	(153,920)
Dividend paid	(109,141)	(109,141)	(158,141)	(109,141)
<b>Net Cash from Financing Activities</b>	<b>(1,890,756)</b>	<b>302,162</b>	<b>(2,449,446)</b>	<b>(263,060)</b>
Net Increase/(decrease) in cash and cash equivalents	(2,180,876)	1,727,700	(2,554,298)	1,056,510
Cash and cash equivalents at beginning of the year	5,225,473	5,190,479	6,039,343	5,470,817
<b>Cash and Cash Equivalents at end of the period</b>	<b>3,044,598</b>	<b>6,918,179</b>	<b>3,485,044</b>	<b>6,527,327</b>
<b>Reconciliation of Cash and Cash Equivalents</b>				
Cash in hand and at banks	2,533,963	4,205,514	2,870,602	5,052,539
Reverse repurchased agreements	450,000	183,595	755,652	183,595
Placements with banks	83,135	2,549,601	81,916	2,549,601
Due to banks - Unfavorable balances with banks	(22,500)	(20,531)	(223,125)	(1,258,408)
	3,044,598	6,918,179	3,485,044	6,527,327

**STATEMENT OF CASH FLOWS**

Period ended 31 March 2018

**Reconciliation of liabilities arising from financing activities**

For the period ended 31 March 2018	Cash change		Non cash change	
	31 Mar 2018 Rs.'000	- Cash flow Rs.'000	- Foreign exchange movement Rs.'000	1 Jan 2018 Rs.'000
<b>BANK</b>				
Due to banks	15,313,159	(1,953,665)	58,182	17,208,641
Other borrowed funds	1,286,037	61,226	-	1,224,812
Less : Unfavorable balances with banks	(22,500)	167,707	-	(190,207)
Less : Interest payable	(223,541)	(56,883)	-	(166,658)
	<b>16,353,155</b>	<b>(1,781,615)</b>	<b>58,182</b>	<b>18,076,588</b>
<b>GROUP</b>				
Due to banks	15,513,784	(1,843,126)	58,182	17,298,727
Other borrowed funds	2,665,238	(302,995)	-	2,968,233
Less : Unfavorable balances with banks	(223,125)	(37,057)	-	(186,068)
Less : Interest payable	(292,347)	(108,127)	-	(184,220)
	<b>17,663,550</b>	<b>(2,291,305)</b>	<b>58,182</b>	<b>19,896,672</b>
<b>For the period ended 31 March 2017</b>				
	31 Mar 2017 Rs.'000	Cash change - Cash flow Rs.'000	Non cash change - Foreign exchange movement Rs.'000	1 Jan 2017 Rs.'000
<b>BANK</b>				
Due to banks	12,493,091	364,638	(31,791)	12,160,244
Other borrowed funds	-	-	-	-
Less : Unfavorable balances with banks	(20,531)	114,882	-	(135,413)
Less : Interest payable	(138,049)	(68,218)	-	(69,831)
	<b>12,334,512</b>	<b>411,302</b>	<b>(31,791)</b>	<b>11,955,000</b>
<b>GROUP</b>				
Due to banks	13,139,316	400,910	(31,791)	12,770,197
Other borrowed funds	878,671	45,576	-	833,095
Less : Unfavorable balances with banks	(1,258,408)	(513,042)	-	(745,366)
Less : Interest payable	(186,502)	(87,364)	-	(99,139)
	<b>12,573,076</b>	<b>(153,920)</b>	<b>(31,791)</b>	<b>12,758,787</b>

**1 LOANS AND RECEIVABLES TO OTHER CUSTOMERS**

	BANK		GROUP	
	31.03.2018 Rs.'000	31.12.2017 Rs.'000 Audited	31.03.2018 Rs.'000	31.12.2017 Rs.'000 Audited
Gross loans and receivables (Note 1.1)	71,760,651	71,493,285	81,328,965	80,645,569
(Less): Individual impairment (Note 1.2)	(601,056)	(515,446)	(794,420)	(692,244)
Collective impairment (Note 1.2)	(423,188)	(399,916)	(777,689)	(732,369)
<b>Net loans and receivables</b>	<b>70,736,407</b>	<b>70,577,923</b>	<b>79,756,856</b>	<b>79,220,956</b>

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

Overdrafts	11,844,223	11,851,333	11,844,223	11,847,164
Trade finance	6,468,047	6,057,396	6,468,047	6,057,396
Pawning	569,026	680,156	569,026	680,156
Staff loans	854,395	824,246	854,362	824,308
Term loans	38,224,382	38,168,530	40,059,473	39,799,490
Lease and Hire purchase	1,580,462	1,614,104	7,329,375	7,170,123
Factoring	584,439	521,602	2,325,986	2,248,966
Others	-	-	242,798	242,048
<b>By Product - Local Currency</b>	<b>60,124,974</b>	<b>59,717,367</b>	<b>69,693,290</b>	<b>68,869,651</b>
Overdrafts	50,852	46,067	50,852	46,067
Trade finance	6,716,342	7,293,549	6,716,342	7,293,549
Term loans	4,868,483	4,436,302	4,868,481	4,436,302
<b>By Product - Foreign Currency</b>	<b>11,635,677</b>	<b>11,775,918</b>	<b>11,635,675</b>	<b>11,775,918</b>
<b>Total Loans and Receivables</b>	<b>71,760,651</b>	<b>71,493,285</b>	<b>81,328,965</b>	<b>80,645,569</b>

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

<b>Individual impairment</b>				
Opening balance as at 1 January	515,446	303,469	692,244	572,331
Charge to Statement of Profit or loss	85,610	211,977	100,876	237,231
Net (write-off)/write back during the period	-	-	1,300	(117,318)
Closing balance as at 31 March	601,056	515,446	794,420	692,244
<b>Collective impairment</b>				
Opening balance as at 1 January	399,916	367,737	732,369	600,918
Charge to Statement of Profit or loss	23,402	36,952	45,450	140,232
Net write-off during the period	(130)	(4,773)	(130)	(8,781)
Closing balance as at 31 March	423,188	399,916	777,689	732,369
<b>Total Impairment Balance</b>	<b>1,024,244</b>	<b>915,362</b>	<b>1,572,109</b>	<b>1,424,613</b>

**2 DUE TO OTHER CUSTOMERS**

	BANK		GROUP	
	31.03.2018 Rs.'000	31.12.2017 Rs.'000 Audited	31.03.2018 Rs.'000	31.12.2017 Rs.'000 Audited
<b>Local Currency Deposits</b>				
Current accounts	4,315,995	3,080,342	4,298,360	3,080,171
Saving accounts	10,257,598	11,495,645	9,995,049	10,865,945
Fixed deposits	43,587,653	43,806,062	50,760,888	50,858,315
Certificate of Deposits	2,546,786	2,623,412	2,546,786	2,623,412
<b>Total</b>	<b>60,708,032</b>	<b>61,005,461</b>	<b>67,601,083</b>	<b>67,427,843</b>
<b>Foreign Currency Deposits</b>				
Current accounts	148,948	178,115	148,948	178,115
Saving accounts	1,800,796	1,555,768	1,800,796	1,555,768
Fixed deposits	6,380,431	7,586,251	6,380,431	7,586,251
<b>Total</b>	<b>8,330,175</b>	<b>9,320,134</b>	<b>8,330,175</b>	<b>9,320,134</b>
<b>Total Deposits</b>	<b>69,038,207</b>	<b>70,325,594</b>	<b>75,931,258</b>	<b>76,747,977</b>

## INTERIM FINANCIAL STATEMENTS

### EXPLANATORY NOTES

Period ended 31 March 2018

- 1 There are no changes in accounting policies and methods of computation since the publication of annual accounts for the year 2017.
- 2 Based on the preliminary assessments undertaken to date, which is yet to be audited and also subject to further validation, the total estimated first time adoption impact on SLFRS 9 is not expected to exceed 40% of the total impairment provision as per the current LKAS 39.
- 3 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.
- 4 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.
- 5 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.
- 6 No material events have been taken place subsequent to the reporting period that require disclosures or/ and adjustment in the Financial Statements.

7 Information on Ordinary Shares

<b>Market Value</b>	<b>31.03.2018</b>	<b>31.03.2017</b>
	<b>Rs.</b>	<b>Rs.</b>
Last traded price	12.80	14.20
Highest price for the quarter	14.30	15.20
Lowest price for the quarter	12.70	13.40

	Corporate		Treasury		SME		Retail		Other Group Companies		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Period ended 31 March</b>												
Interest Income	868,472	696,151	672,272	591,787	855,218	752,980	482,771	254,971	520,063	441,606	3,398,797	2,737,494
Add: Inter-Segment Interest Income	-	-	158,106	-	-	-	758,172	821,768	-	-	916,279	741,523
<b>Total Interest Income</b>	868,472	696,151	830,379	591,787	855,218	752,980	1,240,943	1,076,739	520,063	441,606	4,315,075	3,479,017
Less: Interest Expense	271,335	179,163	454,310	346,896	232,448	143,559	1,121,179	907,936	278,568	237,671	2,357,841	1,815,225
Less: Inter-Segment Interest Expense	464,568	369,470	-	80,246	451,711	372,053	-	-	-	-	916,279	741,523
<b>Net Interest Income</b>	132,569	147,518	376,068	164,645	171,059	237,369	119,765	168,803	241,495	203,935	1,040,956	922,269
Other Income	70,609	42,704	236,070	69,451	125,684	88,848	64,387	41,964	(31,455)	70,813	465,294	313,780
<b>Total Net Income</b>	203,177	190,222	612,138	234,096	296,743	326,216	184,151	210,767	210,040	274,748	1,506,250	1,236,050
Less: Expenses including impairments	145,954	208,008	137,868	160,492	402,479	260,718	385,260	244,171	127,742	140,019	1,199,304	1,013,408
<b>Segmental Results</b>	57,224	(17,786)	474,270	73,604	(105,736)	65,498	(201,109)	(33,404)	82,298	134,729	306,946	222,641
Less: VAT and NBT on Financial Services											115,327	72,395
Less: Taxation											37,913	30,612
<b>Profit after Taxation</b>											153,706	119,635
Cash flow from operating activities	(321,440)	317,642	(968,442)	359,114	(469,467)	544,732	(291,339)	351,949	309,515	(168,565)	(1,741,172)	1,404,870
Cash flow from investing activities	(3,647)	(18,361)	1,772,847	(77,703)	(5,327)	(31,488)	(3,306)	(20,345)	(124,248)	62,599	1,636,319	(85,298)
Cash flow from financing activities	-	-	(1,890,756)	302,162	-	-	-	-	(558,690)	(565,222)	(2,449,446)	(263,060)
<b>As at 31 March</b>												
<b>Other Information</b>												
Segment Assets	32,168,950	28,071,556	26,593,252	26,810,552	23,920,922	23,092,672	13,151,739	7,840,783	23,600,872	18,905,934	119,435,735	104,721,497
Unallocated											4,447,502	4,276,477
<b>Consolidated Total Assets</b>											123,883,236	108,997,974
Segment Liabilities	12,108,847	9,934,420	25,524,865	25,681,723	9,625,687	11,252,865	45,593,076	34,612,979	10,826,604	7,527,917	103,679,080	89,009,904
Unallocated											2,449,251	3,082,183
<b>Consolidated Total Liabilities</b>											106,128,331	92,092,087

## INTERIM FINANCIAL STATEMENTS

### INFORMATION ON ORDINARY SHARES OF THE BANK

As at 31st March 2018

#### TOP 20 SHAREHOLDERS

Name	No. of shares as at 31.03.2018	% holding
1 Culture Financial Holdings Ltd	763,984,374	70.00%
2 Vista Knowledge Pte Ltd	64,677,973	5.93%
3 Associated Electrical Corporation Ltd	29,237,387	2.68%
4 Mr. A.I. Lovell	24,145,899	2.21%
5 Dr. T. Senthilvel	19,858,627	1.82%
6 Mr. C.P.A. Wijeyesekera	18,508,468	1.70%
7 Mr. D.A.J. Warnakulasuriya	14,842,730	1.36%
8 Ashyaki Holdings (Pvt) Ltd	7,792,806	0.71%
9 Mr. M.D. Samarawickrama	7,660,582	0.70%
10 Mr. S.P. Khattar	7,343,365	0.67%
11 Sterling Holdings (Private) Ltd	7,207,557	0.66%
12 Soflogie Life Insurance PLC – A/C 02 (Life Fund)	6,023,317	0.55%
13 Anverally and Sons (Pvt) Ltd A/C No 01	4,753,602	0.44%
14 Commercial Agencies (Ceylon) Ltd	4,050,833	0.37%
15 Ajita De Zoysa & Company Limited	4,050,832	0.37%
16 Ideal Motors (Private) Limited	3,300,000	0.30%
17 Rosewood (Pvt) Limited - A/C No 01	2,774,542	0.25%
18 Mr. A.I.T. Hettiarachchi	2,082,000	0.19%
19 Ceylon Biscuits Limited	2,000,000	0.18%
20 Ceylon Investment Plc A/C # 01	1,940,775	0.18%
	<b>996,235,669</b>	<b>91.27%</b>
Other shareholders	95,170,580	8.73%
<b>Total</b>	<b>1,091,406,249</b>	<b>100.00%</b>

#### As at 31 March 2018

Number of shares in public holding	327,267,475
Number of public shareholders	31,500
Percentage of public holding	29.99%
Market capitalisation (Rs.)	13,969,999,987
Float adjusted market capitalisation	4,189,016,256
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 31.03.2018
Mr. Atul Malik	None
Mr. Priyantha Fernando	None
Ms. Sow Lin Chiew (Alternate Director Ms. Yoke Sun Woon)	None
Mr. Sabry Ghouse	None
Mr. Ranvir Dewan	None
Mr. Gaurav Trehan	None
Mr. Puneet Bhatia	None
Mr. Michael J. O'Hanlon (Alternate Director Mr. Sumedh Jog)	None
Mr. Indrajit Wickramasinghe	None
Mr. Yudhishtan Kanagasabai	None
Mr. Trevine Fernandopulle	None
Ms. Dilshani Wijayawardana	None

The Minimum Public Holding of Union Bank of Colombo PLC as at 31st March 2018 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 - 31 March 2018**

	Held for Trading Rs.000	Held to Maturity Rs.000	Amortised Cost Rs.000	Availalable for Sale Rs.000	Designated at fair value Rs.000	Hedging Rs.000	Total Rs.000
<b>ASSETS</b>							
Cash and cash equivalents	-	-	2,533,963	-	-	-	2,533,963
Balances with Central Bank of Sri Lanka	-	-	3,891,957	-	-	-	3,891,957
Placements with banks	-	-	83,135	-	-	-	83,135
Reverse repurchased agreements	-	-	450,405	-	-	-	450,405
Derivative financial instruments	2,174	-	-	-	-	-	2,174
Financial investments – held for trading	2,915,204	-	-	-	-	-	2,915,204
Financial investments designated at fair value through profit or loss	-	-	-	-	-	-	-
Loans and receivables to other customers	-	-	70,736,407	-	-	-	70,736,407
Other loans and receivables	-	-	10,343,333	-	-	-	10,343,333
Financial investments – available for sale	-	-	-	15,948,247	-	-	15,948,247
Financial investments – held to maturity	-	3,388,760	-	-	-	-	3,388,760
Other financial assets	-	-	-	210,017	-	-	210,017
<b>Total financial assets</b>	<b>2,917,378</b>	<b>3,388,760</b>	<b>88,039,200</b>	<b>16,158,264</b>	<b>-</b>	<b>-</b>	<b>110,503,602</b>

	Held for Trading Rs.000	Amortised cost Rs.000	Designated at fair value Rs.000	Hedging Rs.000	Total Rs.000
<b>LIABILITIES</b>					
Due to banks	-	15,313,159	-	-	15,313,159
Derivative financial instruments	5,148	-	-	-	5,148
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-
Repurchased agreements	-	9,713,651	-	-	9,713,651
Due to other customers	-	69,038,207	-	-	69,038,207
Other borrowed funds	-	1,286,037	-	-	1,286,037
Debt securities issued	-	-	-	-	-
Subordinated term debts	-	-	-	-	-
Other financial liabilities	-	1,256,335	-	-	1,256,335
<b>Total financial liabilities</b>	<b>5,148</b>	<b>96,607,389</b>	<b>-</b>	<b>-</b>	<b>96,612,536</b>

**b. Bank - 31 December 2017 (Audited)**

	Held for Trading Rs.000	Held to Maturity Rs.000	Amortised Cost Rs.000	Availalable for Sale Rs.000	Designated at fair value Rs.000	Hedging Rs.000	Total Rs.000
<b>ASSETS</b>							
Cash and cash equivalents	-	-	4,697,738	-	-	-	4,697,738
Balances with Central Bank of Sri Lanka	-	-	3,785,679	-	-	-	3,785,679
Placements with banks	-	-	716,147	-	-	-	716,147
Reverse repurchased agreements	-	-	1,795	-	-	-	1,795
Derivative financial instruments	2,760	-	-	-	-	-	2,760
Financial investments – held for trading	5,949,023	-	-	-	-	-	5,949,023
Financial investments designated at fair value through profit or loss	-	-	-	-	-	-	-
Loans and receivables to other customers	-	-	70,577,923	-	-	-	70,577,923
Other loans and receivables	-	-	9,609,639	-	-	-	9,609,639
Financial investments – available for sale	-	-	-	16,453,207	-	-	16,453,207
Financial investments – held to maturity	-	2,546,553	-	-	-	-	2,546,553
Other financial assets	-	-	133,308	-	-	-	133,308
<b>Total financial assets</b>	<b>5,951,783</b>	<b>2,546,553</b>	<b>89,522,229</b>	<b>16,453,207</b>	<b>-</b>	<b>-</b>	<b>114,473,771</b>

	Held for Trading Rs.000	Amortised cost Rs.000	Designated at fair value Rs.000	Hedging Rs.000	Total Rs.000
<b>LIABILITIES</b>					
Due to banks	-	17,208,641	-	-	17,208,641
Derivative financial instruments	4,867	-	-	-	4,867
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-
Repurchased agreements	-	10,381,193	-	-	10,381,193
Due to other customers	-	70,325,594	-	-	70,325,594
Other borrowed funds	-	1,224,812	-	-	1,224,812
Debt securities issued	-	-	-	-	-
Subordinated term debts	-	-	-	-	-
Other financial liabilities	-	1,402,968	-	-	1,402,968
<b>Total financial liabilities</b>	<b>4,867</b>	<b>100,543,208</b>	<b>-</b>	<b>-</b>	<b>100,548,075</b>

## MEASUREMENT OF FINANCIAL INSTRUMENTS

## a. Group - 31 March 2018

	Held for Trading Rs.000	Held to Maturity Rs.000	Amortised Cost Rs.000	Available for Sale Rs.000	Designated at fair value Rs.000	Hedging Rs.000	Total Rs.000
<b>ASSETS</b>							
Cash and cash equivalents	-	-	2,870,602	-	-	-	2,870,602
Balances with Central Bank of Sri Lanka	-	-	3,891,957	-	-	-	3,891,957
Placements with banks	-	-	81,916	-	-	-	81,916
Reverse repurchased agreements	-	-	756,058	-	-	-	756,058
Derivative financial instruments	2,174	-	-	-	-	-	2,174
Financial investments – held for trading	2,915,204	-	-	-	-	-	2,915,204
Financial investments designated at fair value through profit or loss	-	-	-	-	-	-	-
Loans and receivables to banks	-	-	-	-	-	-	-
Loans and receivables to other customers	-	-	79,756,856	-	-	-	79,756,856
Other loans and receivables	-	-	9,405,015	-	-	-	9,405,015
Financial investments - available for sale	-	-	-	16,053,363	-	-	16,053,363
Financial investments - held to maturity	-	3,538,760	-	-	-	-	3,538,760
Other financial assets	-	-	210,017	-	-	-	210,017
<b>Total financial assets</b>	<b>2,917,378</b>	<b>3,538,760</b>	<b>96,972,421</b>	<b>16,053,363</b>	<b>-</b>	<b>-</b>	<b>119,481,922</b>

	Held for Trading Rs.000	Amortised cost Rs.000	Designated at fair value Rs.000	Hedging Rs.000	Total Rs.000
<b>LIABILITIES</b>					
Due to banks	-	15,513,784	-	-	15,513,784
Derivative financial instruments	5,148	-	-	-	5,148
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-
Repurchased agreements	-	9,563,651	-	-	9,563,651
Due to other customers	-	75,931,258	-	-	75,931,258
Other borrowed funds	-	2,665,238	-	-	2,665,238
Debt securities issued	-	-	-	-	-
Subordinated term debts	-	-	-	-	-
Other financial liabilities	-	1,256,335	-	-	1,256,335
<b>Total financial liabilities</b>	<b>5,148</b>	<b>104,930,266</b>	<b>-</b>	<b>-</b>	<b>104,935,414</b>

## b. Group - 31 December 2017 (Audited)

	Held for Trading Rs.000	Held to Maturity Rs.000	Amortised Cost Rs.000	Available for Sale Rs.000	Designated at fair value Rs.000	Hedging Rs.000	Total Rs.000
<b>ASSETS</b>							
Cash and cash equivalents	-	-	5,057,422	-	-	-	5,057,422
Balances with Central Bank of Sri Lanka	-	-	3,785,679	-	-	-	3,785,679
Placements with banks	-	-	866,690	-	-	-	866,690
Reverse repurchased agreements	-	-	301,297	-	-	-	301,297
Derivative financial instruments	2,760	-	-	-	-	-	2,760
Financial investments – held for trading	5,949,023	-	-	-	-	-	5,949,023
Financial investments designated at fair value through profit or loss	-	-	-	-	-	-	-
Loans and receivables to other customers	-	-	79,220,956	-	-	-	79,220,956
Other loans and receivables	-	-	8,674,102	-	-	-	8,674,102
Financial investments – available for sale	-	-	-	16,604,761	-	-	16,604,761
Financial investments – held to maturity	-	2,546,553	-	-	-	-	2,546,553
Other financial assets	-	-	199,925	-	-	-	199,925
<b>Total financial assets</b>	<b>5,951,783</b>	<b>2,546,553</b>	<b>98,106,070</b>	<b>16,604,761</b>	<b>-</b>	<b>-</b>	<b>123,209,167</b>

	Held for Trading Rs.000	Amortised cost Rs.000	Designated at fair value Rs.000	Hedging Rs.000	Total Rs.000
<b>LIABILITIES</b>					
Due to banks	-	17,298,727	-	-	17,298,727
Derivative financial instruments	4,867	-	-	-	4,867
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-
Repurchased agreements	-	10,218,055	-	-	10,218,055
Due to other customers	-	76,747,977	-	-	76,747,977
Other borrowed funds	-	2,968,233	-	-	2,968,233
Debt securities issued	-	-	-	-	-
Subordinated term debts	-	-	-	-	-
Other financial liabilities	-	1,562,527	-	-	1,562,527
<b>Total financial liabilities</b>	<b>4,867</b>	<b>108,795,520</b>	<b>-</b>	<b>-</b>	<b>108,800,387</b>

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

Item	BANK		GROUP	
	31 Mar 2018	31 Dec 2017	31 Mar 2018	31 Dec 2017
<b>Regulatory Capital - Rs '000</b>				
Common Equity Tier 1 (Basel III)	15,276,607	15,357,209	16,360,162	16,332,655
Tier 1 Capital /Core Capital (Basel III / Basel II)	15,276,607	15,357,209	16,360,162	16,332,655
Total Capital /Total Capital Base (Basel III / Basel II)	15,276,607	15,357,209	16,360,162	16,332,655
<b>Regulatory Capital Ratios (%)</b>				
Common Equity Tier 1 Capital Ratio (Minimum Requirement as per Basel III - 4.5% )	19.87%	18.85%	19.33%	18.09%
Tier 1 Capital Ratio Basel III (Minimum Requirement - 7.25%)	19.87%	18.85%	19.33%	18.09%
Total Capital Ratio Basel III (Minimum Requirement - 11.25%)	19.87%	18.85%	19.33%	18.09%
<b>Regulatory Liquidity</b>				
Statutory Liquid Assets				
Domestic Banking Unit, Rs. '000	16,846,950	16,953,184		
Foreign Currency Banking Unit, USD '000	13,416	12,168		
Statutory Liquid Assets Ratio, % (Minimum Requirement, 20%)				
Domestic Banking Unit	21.27%	21.27%		
Foreign Currency Banking Unit	21.93%	21.13%		
Liquidity Coverage Ratio (%), Rupee (Minimum Requirement - 80%)	183.66%	160.14%		
Liquidity Coverage Ratio (%), All Currency (Minimum Requirement - 80%)	100.87%	83.02%		
<b>Assets Quality (Quality of Loan Portfolio)</b>				
Gross Non-Performing Advances Ratio, % (Net of interest in suspense)	3.01%	2.69%		
Net-Non Performing Advances,% (Net of interest in suspense and provision)	1.92%	1.76%		
<b>Profitability</b>				
Interest Margin, %	2.92%	2.87%		
Return on Assets (Before Tax), %	0.50%	0.50%		
Return on Assets (After Tax), %	0.45%	0.43%		
Return on Equity (After Tax), %	2.92%	2.64%		

**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.

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