



INTERIM FINANCIAL STATEMENTS

For the period ended 30 June 2018



	BANK						GROUP					
	For the six months ended			For the quarter ended			For the six months ended			For the quarter ended		
	30.06.2018 Rs.000	30.06.2017 Rs.000	Change %	30.06.2018 Rs.000	30.06.2017 Rs.000	Change %	30.06.2018 Rs.000	30.06.2017 Rs.000	Change %	30.06.2018 Rs.000	30.06.2017 Rs.000	Change %
Gross Income	6,720,843	5,511,300	22	3,353,755	2,897,529	16	7,798,959	6,433,752	21	3,899,521	3,349,050	16
Interest income	5,868,862	4,907,579	20	2,949,834	2,562,984	15	6,848,324	5,697,512	20	3,452,560	2,960,018	17
Less: Interest expenses	4,083,841	3,346,755	22	2,015,238	1,769,119	14	4,657,148	3,829,940	22	2,299,307	2,014,715	14
Net interest income	1,785,021	1,560,824	14	934,596	793,865	18	2,191,176	1,867,572	17	1,153,253	945,302	22
Fee and commission income	446,893	368,811	21	222,604	178,002	25	532,482	457,838	16	259,589	220,087	18
Less: Fee and commission expenses	61,674	49,940	23	34,235	25,194	36	76,994	66,136	16	41,647	32,707	27
Net fee and commission income	385,219	318,871	21	188,369	152,808	23	455,488	391,702	16	217,942	187,380	16
Net trading income	194,368	120,496	61	78,093	71,668	9	194,368	120,496	61	78,093	71,668	9
Net gains from financial investments	101,830	66,448	53	40,704	60,142	(32)	101,830	66,448	53	38,249	57,284	(33)
Net gain/ (loss) from financial instruments designated at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-
Other operating income	108,890	47,965	127	62,519	24,734	153	121,955	91,460	33	71,030	39,993	78
Total operating income	2,575,328	2,114,604	22	1,304,281	1,103,217	18	3,064,817	2,537,677	21	1,558,566	1,301,629	20
Less: Impairment charge												
Individual Impairment	122,233	111,285	10	36,623	29,080	26	196,324	126,330	55	95,447	24,527	289
Collective Impairment	36,170	20,398	77	12,768	9,235	38	59,374	53,975	10	13,925	34,782	(60)
Others	-	-	-	-	-	-	(20,642)	-	(100)	-	-	-
Net operating income	2,416,925	1,982,921	22	1,254,890	1,064,902	18	2,829,761	2,357,372	20	1,449,195	1,242,320	17
Less: Personnel expenses	880,694	766,229	15	455,439	414,846	10	1,010,694	881,486	15	522,598	472,685	11
Depreciation & amortisation	203,364	190,803	7	99,142	97,811	1	215,213	206,298	4	103,832	105,409	(1)
Other expenses	814,725	662,170	23	406,114	335,146	21	933,719	773,980	21	459,576	391,259	17
Total operating expenses	1,898,783	1,619,202	17	960,696	847,802	13	2,159,626	1,861,764	16	1,086,006	969,354	12
Results from operating activities	518,142	363,719	42	294,195	217,099	36	670,135	495,608	35	363,189	272,966	33
Share of profit of equity accounted investees, net of tax	40,199	29,526	36	17,985	9,174	96	-	-	-	-	-	-
Operating profit before value added tax (VAT) and nation building tax (NBT) on financial services	558,341	393,245	42	312,180	226,273	38	670,135	495,608	35	363,189	272,966	33
Less: VAT and NBT on financial services	204,690	145,146	41	105,056	84,701	24	233,885	167,428	40	118,558	95,033	25
Profit before tax	353,651	248,099	43	207,124	141,572	46	436,250	328,180	33	244,631	177,933	37
Less: Tax expenses	100,575	40,774	147	84,267	29,192	189	141,560	75,545	87	103,646	44,932	131
Profit after tax	253,076	207,325	22	122,857	112,380	9	294,690	252,636	17	140,985	133,001	6
Profit Attributable to:												
Equity holders of the parent	253,076	207,325	22	122,857	112,380	9	275,702	233,363	18	134,321	125,840	7
Non-controlling interest	-	-	-	-	-	-	18,988	19,273	(1)	6,664	7,161	(7)
Profit after tax	253,076	207,325	22	122,857	112,380	9	294,690	252,636	17	140,985	133,001	6

Earnings per share

Earnings per share - Basic	0.23	0.19	22	0.11	0.10	9	0.25	0.21	18	0.12	0.12	7
Earnings per share - Diluted	0.23	0.19	22	0.11	0.10	9	0.25	0.21	18	0.12	0.11	7

	BANK						GROUP					
	For the six months ended			For the quarter ended			For the six months ended			For the quarter ended		
	30.06.2018 Rs.'000	30.06.2017 Rs.'000	Change %	30.06.2018 Rs.'000	30.06.2017 Rs.'000	Change %	30.06.2018 Rs.'000	30.06.2017 Rs.'000	Change %	30.06.2018 Rs.'000	30.06.2017 Rs.'000	Change %
Profit for the period	253,076	207,325	22	122,857	112,380	9	294,690	252,636	17	140,985	133,001	6
Other comprehensive income												
<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	(189,031)	244,638	(177)	(76,073)	347,028	(122)	(196,307)	247,501	(179)	(80,921)	350,389	(123)
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	52,929	(68,499)	(100)	21,300	(97,168)	(100)	52,929	(68,499)	177	21,300	(97,168)	122
Share of other comprehensive income of equity accounted investees, net of tax	(872)	1,448	(160)	366	1,694	-78	-	-	-	-	-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	(136,974)	177,588	(177)	(54,406)	251,554	(122)	(143,378)	179,002	(180)	(59,620)	253,221	(124)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>												
Actuarial gains and losses on defined benefit plans	-	-	-	-	-	-	5,378	-	100	5,378	-	100
Less: Income tax effect on actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	(1,506)	-	100	(1,506)	-	100
Share of other comprehensive income of equity accounted investees, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	-	-	-	-	-	-	3,872	-	100	3,872	-	100
Other comprehensive income for the period, net of taxes	(136,974)	177,588	(177)	(54,406)	251,554	(122)	(139,506)	179,002	(178)	(55,749)	253,221	(122)
Total comprehensive income for the period, net of taxes	116,102	384,912	(70)	68,451	363,934	(81)	155,184	431,638	(64)	85,236	386,222	(78)
Attributable to:												
Equity holders of the parent	116,102	384,912	(70)	68,451	363,934	(81)	279,103	410,950	(32)	220,289	377,394	(42)
Non-controlling interest	-	-	-	-	-	-	(123,919)	20,688	(699)	(135,053)	8,828	(1,630)
Total comprehensive income for the period, net of taxes	116,102	384,912	(70)	68,451	363,934	(81)	155,184	431,638	(64)	85,236	386,222	(78)

INTERIM FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	BANK			GROUP		
	30.06.2018	31.12.2017	Change	30.06.2018	31.12.2017	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
		Audited			Audited	
Assets						
Cash and cash equivalents	2,651,280	4,697,738	(44)	3,035,497	5,057,422	(40)
Balances with Central Bank of Sri Lanka	3,812,927	3,785,679	1	3,812,927	3,785,679	1
Placements with banks	749,318	716,147	5	750,433	866,690	(13)
Reverse repurchased agreements	690,478	1,795		1,002,534	301,297	233
Derivative financial instruments	14,146	2,760	412	14,146	2,760	412
Financial investments – held for trading	2,593,896	5,949,023	(56)	2,593,896	5,949,023	(56)
Financial investments designated at fair value through profit or loss	-	-		-	-	
Loans and receivables to other customers	72,241,052	70,577,923	2	81,245,178	79,220,956	3
Other loans and receivables	8,448,152	9,609,639	(12)	7,518,575	8,674,102	(13)
Financial investments – available for sale	15,738,346	16,453,207	(4)	15,827,930	16,604,761	(5)
Financial investments – held to maturity	2,774,791	2,546,553	9	2,774,791	2,546,553	9
Current tax asset	453,272	436,280	4	453,272	436,284	4
Investment in real estate	-	-		165,207	152,914	8
Investments in subsidiaries	1,255,977	1,262,612	(1)	-	-	
Goodwill and intangible assets	1,225,732	1,220,999	0	1,574,303	1,568,398	0
Property, plant and equipment	844,011	888,359	(5)	1,016,901	1,058,067	(4)
Deferred tax assets	-	-		419,404	433,728	(3)
Other assets	860,543	858,695	0	957,026	942,198	2
Total assets	114,353,921	119,007,408	(4)	123,162,020	127,600,832	(3)
Liabilities						
Due to banks	15,019,967	17,208,641	(13)	15,419,735	17,298,727	(11)
Derivative financial instruments	14,400	4,867	196	14,400	4,867	196
Financial liabilities designated at fair value through profit or loss	-	-		-	-	
Repurchased agreements	8,419,794	10,381,193	(19)	8,229,676	10,218,055	(19)
Due to other customers	69,823,542	70,325,594	(1)	76,605,110	76,747,977	(0)
Other borrowed funds	1,249,716	1,224,812	2	2,595,382	2,968,233	(13)
Debt securities issued	-	-		-	-	
Subordinated term debts	-	-		-	-	
Current tax liabilities	-	-		193,168	173,207	12
Deferred tax liabilities	172,969	144,922	19	173,324	145,278	19
Other Provisions	-	-		-	-	
Other liabilities	1,786,112	1,859,682	(4)	2,089,702	2,202,772	(5)
Total liabilities	96,486,500	101,149,711	(5)	105,320,497	109,759,116	(4)

INTERIM FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	BANK			GROUP		
	30.06.2018 Rs.'000	31.12.2017 Rs.'000 Audited	Change %	30.06.2018 Rs.'000	31.12.2017 Rs.'000 Audited	Change %
Equity						
Stated capital	16,334,782	16,334,782	0	16,334,782	16,334,782	0
Share warrants	65,484	65,484	0	65,484	65,484	0
Statutory reserve fund	128,910	116,256	11	144,173	131,519	10
ESOP reserve	38,611	35,848	8	38,611	35,848	8
Available for sale reserve	13,596	150,570	(91)	15,611	155,377	(90)
Retained earnings	1,286,038	1,154,757	11	871,190	714,444	22
Total shareholders' equity	17,867,421	17,857,697	0	17,469,851	17,437,454	0
Non-controlling interests	-	-		371,672	404,262	(8)
Total equity	17,867,421	17,857,697	0	17,841,523	17,841,716	(0)
Total equity and liabilities	114,353,921	119,007,408	(4)	123,162,020	127,600,832	(3)
Contingent liabilities and commitments	45,187,899	39,286,551	15	45,187,899	39,286,551	15
Net asset value per ordinary share (Rs.)	16.37	16.36	0	16.01	15.98	0

Memorandum information

Number of Employees	1,299	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: 24 July 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
Balance as at 1 January 2017	16,334,782	65,484	95,439	17,836	(251,894)	821,568	17,083,214
Net profit for the period	-	-	-	-	-	207,325	207,325
Other comprehensive Income	-	-	-	-	177,588	-	177,588
Total comprehensive Income	-	-	-	-	177,588	207,325	384,913
Fair value of ESOP	-	-	-	8,440	-	-	8,440
Transfers during the period	-	-	10,366	-	-	(10,366)	-
Dividend Paid	-	-	-	-	-	(109,141)	(109,141)
Balance as at 30 June 2017	16,334,782	65,484	105,805	26,275	(74,307)	909,386	17,367,426
Balance as at 1 January 2018	16,334,782	65,484	116,256	35,848	150,570	1,154,757	17,857,697
Net profit for the period	-	-	-	-	-	253,076	253,076
Other comprehensive Income	-	-	-	-	(136,974)	-	(136,974)
Total comprehensive Income	-	-	-	-	(136,974)	253,076	116,102
Fair value of ESOP	-	-	-	2,763	-	-	2,763
Transfers during the period	-	-	12,654	-	-	(12,654)	-
Dividend Paid	-	-	-	-	-	(109,141)	(109,141)
Balance as at 30 June 2018	16,334,782	65,484	128,910	38,611	13,596	1,286,038	17,867,421

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
Balance as at 1 January 2017	16,334,782	65,484	107,602	17,836	(247,088)	330,196	16,608,812	356,579	16,965,391
Net profit for the period	-	-	-	-	-	233,363	233,363	19,273	252,636
Other comprehensive Income	-	-	-	-	177,588	-	177,588	1,415	179,002
Total comprehensive Income	-	-	-	-	177,588	233,363	410,951	20,688	431,638
Fair value of ESOP	-	-	-	8,440	-	-	8,440	-	8,440
Transfers during the period	-	-	10,366	-	-	(10,366)	-	-	-
Dividend Paid	-	-	-	-	-	(109,141)	(109,141)	(12,250)	(121,391)
Balance as at 30 June 2017	16,334,782	65,484	117,968	26,275	(69,500)	444,052	16,919,061	365,017	17,284,079
Balance as at 1 January 2018	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	-	-	-	-	-	275,702	275,702	18,988	294,690
Other comprehensive Income	-	-	-	-	(139,766)	2,839	(136,927)	(2,579)	(139,506)
Total comprehensive Income	-	-	-	-	(139,766)	278,541	138,775	16,410	155,184
Fair value of ESOP	-	-	-	2,763	-	-	2,763	-	2,763
Transfers during the period	-	-	12,654	-	-	(12,654)	-	-	-
Dividend Paid	-	-	-	-	-	(109,141)	(109,141)	(49,000)	(158,141)
Balance as at 30 June 2018	16,334,782	65,484	144,173	38,611	15,611	871,190	17,469,851	371,672	17,841,523

INTERIM FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

Period ended 30 June 2018

	BANK		GROUP	
	30.06.2018 Rs.'000	30.06.2017 Rs.'000	30.06.2018 Rs.'000	30.06.2017 Rs.'000
Cash flow from operating activities				
Interest received	5,664,769	4,836,486	7,245,129	5,383,670
Fees and commission receipts	385,219	318,871	455,487	391,702
Interest paid	(4,088,802)	(3,174,027)	(4,693,425)	(3,634,737)
Net Foreign Exchange gain	-	-	-	-
Receipts from Other operating activities	340,361	194,324	333,298	242,052
Payments on Other operating activities	(1,861,987)	(1,540,037)	(2,142,177)	(1,788,388)
Operating profit/(loss) before changes in operating assets & liabilities	439,560	635,617	1,198,314	594,299
(Increase)/decrease in operating assets:				
Balance with Central Bank of Sri Lanka	(27,248)	(490,574)	(27,248)	(490,574)
Funds advanced to customers	(1,733,184)	(8,705,288)	(2,751,159)	(9,008,814)
Others	20,834	(23,717)	(26,214)	30,280
	(1,739,598)	(9,219,580)	(2,804,622)	(9,469,108)
Increase/(decrease) in operating liabilities:				
Due to other customers	(476,508)	10,734,902	(56,144)	10,544,816
Repurchased agreements	(1,945,210)	(1,646,733)	(1,972,188)	(1,623,718)
Other liabilities	(87,486)	133,235	(108,044)	52,550
	(2,509,203)	9,221,404	(2,136,377)	8,973,648
Net cash from/(used in) operating activities before income tax	(3,809,241)	637,442	(3,742,685)	98,839
Retiring gratuity paid	(11,909)	(3,463)	(12,975)	(3,644)
Income tax paid	(39,459)	(112,716)	(55,451)	(120,392)
Net cash from/(used in) operating activities	(3,860,609)	521,263	(3,811,112)	(25,197)
Cash flow from/(used in) investing activities				
Dividends received	45,962	11,521	-	-
Net investment in other financial assets - Held for trading	3,352,636	(1,012,767)	3,372,764	(1,012,767)
Sale of shares	-	-	-	-
Net increase in investment in financial assets - Held to maturity	(192,674)	52	(192,674)	52
Net increase in investment in financial assets - Available for sale	584,797	(362,948)	639,491	(378,491)
Net increase in debt securities	1,145,489	(1,251,787)	1,128,147	(1,134,671)
Net investment in real estates	-	-	8,348	42,704
Purchase of property & equipment	(79,213)	(123,861)	(93,319)	(127,669)
Purchase of intangible assets	(92,161)	(11,686)	(94,254)	(10,895)
Proceeds from sale of property, plant & equipment	10,288	9	10,288	9
Net cash used in investing activities	4,775,124	(2,751,468)	4,778,791	(2,621,729)
Cash flow from/(used in) financing activities				
Increase in borrowings	(2,049,858)	644,943	(2,571,700)	452,000
Dividend paid	(109,141)	(109,141)	(158,141)	(121,391)
Net cash from financing activities	(2,158,999)	535,802	(2,729,841)	330,609
Net Increase/(decrease) in cash and cash equivalents	(1,244,483)	(1,694,403)	(1,762,163)	(2,316,317)
Cash and cash equivalents at beginning of the year	5,225,473	5,190,478	6,039,342	5,470,816
Cash and cash equivalents at end of the period	3,980,990	3,496,076	4,277,179	3,154,499
Reconciliation of cash and cash equivalents				
Cash in hand and at banks	2,651,280	2,118,361	3,035,497	2,639,707
Reverse repurchased agreements	690,140	833,912	1,002,196	869,844
Placements with banks	749,080	625,005	748,765	625,005
Due to banks - Unfavorable balances with banks	(109,510)	(81,202)	(509,279)	(980,058)
	3,980,990	3,496,076	4,277,179	3,154,499

Reconciliation of liabilities arising from financing activities

For the period ended 30 June 2018	30 Jun 2018	Cash change - Cash flow	Non cash change - Foreign exchange movement	1 Jan 2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
BANK				
Due to banks	15,019,967	(2,118,687)	(69,988)	17,208,641
Other borrowed funds	1,249,716	24,904	-	1,224,812
Less : Unfavorable balances with banks	(109,510)	80,697	-	(190,207)
Less : Interest payable	(181,235)	(36,773)	-	(144,462)
	15,978,938	(2,049,858)	(69,988)	18,098,784
GROUP				
Due to banks	15,419,735	(1,809,004)	(69,988)	17,298,727
Other borrowed funds	2,595,382	(372,851)	-	2,968,233
Less : Unfavorable balances with banks	(509,279)	(323,210)	-	(186,068)
Less : Interest payable	(250,855)	(66,635)	-	(184,220)
	17,254,984	(2,571,700)	(69,988)	19,896,672
For the period ended 30 June 2017				
	30 Jun 2017	Cash change - Cash flow	Non cash change - Foreign exchange movement	1 Jan 2017
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
BANK				
Due to banks	12,712,624	609,151	(56,772)	12,160,244
Other borrowed funds	-	-	-	-
Less : Unfavorable balances with banks	(81,202)	54,211	-	(135,413)
Less : Interest payable	(88,250)	(18,419)	-	(69,831)
	12,543,172	644,943	(56,772)	11,955,000
GROUP				
Due to banks	13,112,020	398,595	(56,772)	12,770,197
Other borrowed funds	1,147,348	314,253	-	833,095
Less : Unfavorable balances with banks	(980,058)	(234,692)	-	(745,366)
Less : Interest payable	(125,295)	(26,156)	-	(99,139)
	13,154,016	452,000	(56,772)	12,758,787

1 LOANS AND RECEIVABLES TO OTHER CUSTOMERS

	BANK		GROUP	
	30.06.2018 Rs.'000	31.12.2017 Rs.'000 Audited	30.06.2018 Rs.'000	31.12.2017 Rs.'000 Audited
Gross loans and receivables (Note 1.1)	73,314,565	71,493,285	82,926,541	80,645,569
(Less): Individual impairment (Note 1.2)	(637,679)	(515,446)	(889,868)	(692,244)
Collective impairment (Note 1.2)	(435,834)	(399,916)	(791,492)	(732,369)
Net loans and receivables	72,241,052	70,577,923	81,245,181	79,220,956

1.1 Loans and Receivables to Other Customers - By Product

Overdrafts	12,047,958	11,851,333	12,047,958	11,847,164
Trade finance	5,754,321	6,057,396	5,754,321	6,057,396
Pawning	512,593	680,156	512,593	680,156
Staff loans	848,475	824,246	848,421	824,308
Term loans	38,854,580	38,168,530	40,610,257	39,799,490
Lease and hire purchase	1,494,202	1,614,104	7,366,759	7,170,123
Factoring	499,998	521,602	2,335,096	2,248,966
Credit cards	428	-	428	-
Others	-	-	148,698	242,048
By Product - Local Currency	60,012,555	59,717,367	69,624,531	68,869,651
Overdrafts	40,463	46,067	40,463	46,067
Trade finance	7,862,063	7,293,549	7,862,063	7,293,549
Term loans	5,399,484	4,436,302	5,399,484	4,436,302
By Product - Foreign Currency	13,302,010	11,775,918	13,302,010	11,775,918
Total Loans and Receivables	73,314,565	71,493,285	82,926,541	80,645,569

1.2 Movements in Individual and Collective Impairment for the period

Individual impairment				
Opening balance as at 1 January	515,446	303,469	692,244	572,331
Charge to Statement of Profit or loss	122,233	211,977	196,324	237,231
Net (write-off)/write back during the period	-	-	1,300	(117,318)
Closing balance	637,679	515,446	889,868	692,244
Collective impairment				
Opening balance as at 1 January	399,916	367,737	732,369	600,918
Charge to Statement of Profit or loss	36,170	36,952	59,374	140,232
Net write-off during the period	(252)	(4,773)	(252)	(8,781)
Closing balance	435,834	399,916	791,492	732,369
Total Impairment Balance	1,073,513	915,362	1,681,359	1,424,613

2 DUE TO OTHER CUSTOMERS

	BANK		GROUP	
	30.06.2018 Rs.'000	31.12.2017 Rs.'000 Audited	30.06.2018 Rs.'000	31.12.2017 Rs.'000 Audited
Local Currency Deposits				
Current accounts	3,499,902	3,080,342	3,499,628	3,080,171
Saving accounts	10,428,630	11,495,645	10,327,995	10,865,945
Fixed deposits	44,755,027	43,806,062	51,637,505	50,858,315
Certificate of Deposits	2,389,570	2,623,412	2,389,570	2,623,412
Total	61,073,129	61,005,461	67,854,698	67,427,843
Foreign Currency Deposits				
Current accounts	141,204	178,115	141,204	178,115
Saving accounts	1,728,320	1,555,768	1,728,320	1,555,768
Fixed deposits	6,880,889	7,586,251	6,880,889	7,586,251
Total	8,750,413	9,320,134	8,750,413	9,320,134
Total Deposits	69,823,542	70,325,594	76,605,111	76,747,977

INTERIM FINANCIAL STATEMENTS

EXPLANATORY NOTES

Period ended 30 June 2018

- 1 There are no changes in accounting policies and methods of computation since the publication of annual accounts for the year 2017.
- 2 The bank has adopted an incurred loss model for the recognition of losses on impaired assets. According to the model, losses are only recognized when objective evidence of a specific loss event has been observed. This prevents losses from being recognized on the initial recording of loans.

Once a loss event has been observed, a provision is made based on the estimated cash flows discounted at the loan's original effective interest rate. Individually significant loans, which represent approximately 75% of the Bank's total loans, are assessed individually for impairment but smaller loans are assessed for impairment on a collective basis.

Loans that have been assessed individually and found not to be impaired are then assessed collectively, in groups of loans with similar characteristics, to determine whether provisions should be made due to incurred loss events for which there is objective evidence but whose effects are not yet evident in the individual loan assessments.

The bank has grouped financial assets on the basis of similar characteristics in computing the probability of defaults and also in computing Economic factor adjustments. However, currently as the bank has limited evidence of historical losses on all types of asset classes, the bank has used an overall loss rate as Loss Given Default rate (LGD) for all asset classes. The absence of LGD rates for each asset class prevents the bank from grouping financial assets on the basis of similar risk characteristics.

The bank considers a defined observation period in computing LGD rate to determine the loss rate. During the observation period, the recoveries of the default customers are monitored and any balances remaining at the end of the said observation period are identified as losses. As a result of the bank's defined observation period, the incurred losses in recent years have not been considered when computing LGD rate. The bank considers the impairment provisions ascertained to be sufficient based on back testing carried out.

However, the above have been addressed in the new model developed as per SLFRS 9: Financial Instruments.

The bank had carried out preliminary assessments of the above to date, and such assessments are yet to be audited and further validated.

- 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

Market Value	30.06.2018	30.06.2017
	Rs.	Rs.
Last traded price	12.70	15.40
Highest price for the quarter	15.80	16.00
Lowest price for the quarter	12.10	14.20

SEGMENTAL ANALYSIS - GROUP

For the six months ended 30 June

	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
Period ended 30 June												
Interest Income	1,802,201	1,604,672	1,319,968	936,765	1,698,883	1,571,319	979,125	686,969	1,048,146	897,787	6,848,324	5,697,512
Add: Inter-Segment Interest Income	-	-	361,415	-	-	-	1,467,404	1,708,754	-	-	1,828,818	1,708,754
Total Interest Income	1,802,201	1,604,672	1,681,383	936,765	1,698,883	1,571,319	2,446,528	2,395,723	1,048,146	897,787	8,677,142	7,406,266
Less: Interest Expense	518,901	386,730	862,194	511,141	481,112	551,684	2,202,245	1,887,586	592,696	492,799	4,657,148	3,829,940
Less: Inter-Segment Interest Expense	1,007,025	856,419	-	243,821	821,793	608,515	-	-	-	-	1,828,818	1,708,754
Net Interest Income	276,275	361,522	819,189	181,804	395,978	411,120	244,283	508,137	455,451	404,988	2,191,176	1,867,572
Other Income	112,177	80,373	398,036	207,380	223,188	176,079	113,836	87,023	26,508	185,384	873,744	736,241
Total Net Income	388,452	441,896	1,217,225	389,184	619,166	587,200	358,119	595,160	481,958	590,372	3,064,920	2,603,812
Less: Expenses including impairments	155,888	288,752	317,051	277,129	648,077	607,488	929,729	578,746	344,040	356,089	2,394,785	2,108,204
Segmental Results	232,564	153,143	900,174	112,055	(28,912)	(20,288)	(571,610)	16,415	137,919	234,283	670,135	495,608
Less: VAT and NBT on Financial Services											233,885	167,428
Less: Taxation											141,560	75,545
Profit after Taxation											294,690	252,636
Cash flow from operating activities	(580,598)	126,863	(1,819,318)	54,960	(925,432)	168,578	(535,261)	170,863	49,221	(546,461)	(3,811,388)	(25,197)
Cash flow from investing activities	(24,226)	(29,747)	4,860,298	(2,642,128)	(38,614)	(39,528)	(22,334)	(40,064)	3,667	129,739	4,778,791	(2,621,729)
Cash flow from financing activities	-	-	(2,158,999)	535,801	-	-	-	-	(570,842)	(205,192)	(2,729,841)	330,609
As at 30 June												
Other Information												
Segment Assets	33,399,420	30,937,499	24,171,486	26,030,540	23,881,595	24,964,521	12,592,173	12,598,136	24,696,438	12,547,446	118,741,113	107,078,142
Unallocated											4,420,907	4,060,566
Consolidated Total Assets											123,162,020	111,138,708
Segment Liabilities	12,531,391	11,271,788	23,779,554	20,706,558	10,405,270	10,739,627	45,387,792	39,165,367	10,760,297	9,556,735	102,864,303	91,440,075
Unallocated											2,456,194	2,414,555
Consolidated Total Liabilities											105,320,497	93,854,629

INTERIM FINANCIAL STATEMENTS

INFORMATION ON ORDINARY SHARES OF THE BANK

As at 30th June 2018

TOP 20 SHAREHOLDERS

Name	No. of shares as at 30.06.2018	% 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	24,185,433	2.22%
5 Dr. T. Senthilvel	21,348,482	1.96%
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	7,323,365	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 Investment Plc A/C # 01	1,801,454	0.17%
20 Bank of Ceylon A/C Ceybank Unit Trust	1,756,701	0.16%
	997,362,438	91.39%
Other shareholders	94,043,811	8.61%
Total	1,091,406,249	100.00%

As at 30 June 2018

Number of shares in public holding	327,267,475
Number of public shareholders	31,391
Percentage of public holding	29.99%
Market capitalisation (Rs.)	13,860,859,362
Float adjusted market capitalisation	4,156,289,567
Required minimum public holding percentage under option 4 of rule 7.13.1 (a) of the Listing Rules of Colombo Stock Exchange	10%

DIRECTORS' INDIVIDUAL HOLDING IN SHARES

Name	No. of shares held as at 30.06.2018
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 30 June 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 - 30 June 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
ASSETS							
Cash and cash equivalents	-	-	2,651,280	-	-	-	2,651,280
Balances with Central Bank of Sri Lanka	-	-	3,812,927	-	-	-	3,812,927
Placements with banks	-	-	749,318	-	-	-	749,318
Reverse repurchased agreements	-	-	690,478	-	-	-	690,478
Derivative financial instruments	14,146	-	-	-	-	-	14,146
Financial investments – held for trading	2,593,896	-	-	-	-	-	2,593,896
Financial investments designated at fair value through profit or loss	-	-	-	-	-	-	-
Loans and receivables to other customers	-	-	72,241,052	-	-	-	72,241,052
Other loans and receivables	-	-	8,448,152	-	-	-	8,448,152
Financial investments – available for sale	-	-	-	15,738,346	-	-	15,738,346
Financial investments – held to maturity	-	2,774,791	-	-	-	-	2,774,791
Other financial assets	-	-	-	156,605	-	-	156,605
Total financial assets	2,608,042	2,774,791	88,593,208	15,894,950	-	-	109,870,990

	Held for Trading Rs.000	Amortised cost Rs.000	Designated at fair value Rs.000	Hedging Rs.000	Total Rs.000
LIABILITIES					
Due to banks	-	15,019,967	-	-	15,019,967
Derivative financial instruments	14,400	-	-	-	14,400
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-
Repurchased agreements	-	8,419,794	-	-	8,419,794
Due to other customers	-	69,823,542	-	-	69,823,542
Other borrowed funds	-	1,249,716	-	-	1,249,716
Debt securities issued	-	-	-	-	-
Subordinated term debts	-	-	-	-	-
Other financial liabilities	-	1,329,879	-	-	1,329,879
Total financial liabilities	14,400	95,842,898	-	-	95,857,297

b. Bank - 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
ASSETS							
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
Total financial assets	5,951,783	2,546,553	89,522,229	16,453,207	-	-	114,473,771

	Held for Trading Rs.000	Amortised cost Rs.000	Designated at fair value Rs.000	Hedging Rs.000	Total Rs.000
LIABILITIES					
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
Total financial liabilities	4,867	100,543,208	-	-	100,548,075

MEASUREMENT OF FINANCIAL INSTRUMENTS

a. Group - 30 June 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
ASSETS							
Cash and cash equivalents	-	-	3,035,497	-	-	-	3,035,497
Balances with Central Bank of Sri Lanka	-	-	3,812,927	-	-	-	3,812,927
Placements with banks	-	-	750,433	-	-	-	750,433
Reverse repurchased agreements	-	-	1,002,534	-	-	-	1,002,534
Derivative financial instruments	14,146	-	-	-	-	-	14,146
Financial investments – held for trading	2,593,896	-	-	-	-	-	2,593,896
Financial investments designated at fair value through profit or loss	-	-	-	-	-	-	-
Loans and receivables to banks	-	-	-	-	-	-	-
Loans and receivables to other customers	-	-	81,245,178	-	-	-	81,245,178
Other loans and receivables	-	-	7,518,575	-	-	-	7,518,575
Financial investments - available for sale	-	-	-	15,827,930	-	-	15,827,930
Financial investments - held to maturity	-	2,774,791	-	-	-	-	2,774,791
Other financial assets	-	-	156,605	-	-	-	156,605
Total financial assets	2,608,042	2,774,791	97,521,751	15,827,930	-	-	118,732,513

	Held for Trading Rs.000	Amortised cost Rs.000	Designated at fair value Rs.000	Hedging Rs.000	Total Rs.000
LIABILITIES					
Due to banks	-	15,419,735	-	-	15,419,735
Derivative financial instruments	14,400	-	-	-	14,400
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-
Repurchased agreements	-	8,229,676	-	-	8,229,676
Due to other customers	-	76,605,110	-	-	76,605,110
Other borrowed funds	-	2,595,382	-	-	2,595,382
Debt securities issued	-	-	-	-	-
Subordinated term debts	-	-	-	-	-
Other financial liabilities	-	1,329,879	-	-	1,329,879
Total financial liabilities	14,400	104,179,784	-	-	104,194,184

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
ASSETS							
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
Total financial assets	5,951,783	2,546,553	98,106,070	16,604,761	-	-	123,209,167

	Held for Trading Rs.000	Amortised cost Rs.000	Designated at fair value Rs.000	Hedging Rs.000	Total Rs.000
LIABILITIES					
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
Total financial liabilities	4,867	108,795,520	-	-	108,800,387

INTERIM FINANCIAL STATEMENTS
SELECTED PERFORMANCE INDICATORS

Item	BANK		GROUP	
	30 Jun 2018	31 Dec 2017	30 Jun 2018	31 Dec 2017
Regulatory Capital - Rs '000				
Common Equity Tier 1 (Basel III)	15,237,360	15,357,209	16,353,933	16,332,655
Tier 1 Capital /Core Capital (Basel III)	15,237,360	15,357,209	16,353,933	16,332,655
Total Capital /Total Capital Base (Basel III)	15,237,360	15,357,209	16,353,933	16,332,655
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement as per Basel III 2018 - 6.375%, 2017 -5.75%)	19.36%	18.85%	18.93%	18.09%
Tier 1 Capital Ratio (Minimum Requirement as per Basel III 2018 - 7.875%, 2017- 7.25%)	19.36%	18.85%	18.93%	18.09%
Total Capital Ratio (Minimum Requirement as per Basel III 2018- 11.875%, 2017- 11.25%)	19.36%	18.85%	18.93%	18.09%
Regulatory Liquidity				
Statutory Liquid Assets				
Domestic Banking Unit, Rs. '000	16,523,738	16,953,184		
Foreign Currency Banking Unit, USD '000	13,133	12,168		
Statutory Liquid Assets Ratio, % (Minimum Requirement, 20%)				
Domestic Banking Unit	20.71%	21.27%		
Foreign Currency Banking Unit	21.16%	21.13%		
Liquidity Coverage Ratio (%), Rupee (Minimum Requirement - 80%)	214.68%	160.14%		
Liquidity Coverage Ratio (%), All Currency (Minimum Requirement - 80%)	115.83%	83.02%		
Assets Quality (Quality of Loan Portfolio)				
Gross Non-Performing Advances Ratio, % (Net of interest in suspense)	3.18%	2.69%		
Net Non-Performing Advances,% (Net of interest in suspense and provision)	2.07%	1.76%		
Profitability				
Interest Margin, %	3.06%	2.87%		
Return on Assets (Before Tax), %	0.61%	0.50%		
Return on Assets (After Tax), %	0.43%	0.43%		
Return on Equity (After Tax), %	2.83%	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.

Telephone : +94 11 2374100

Fax: +94 11 2370971

E-mail: ubc@unionb.com

Web Address: www.unionb.com

Auditors

M/s. Ernst & Young

Chartered Accountants,

No. 201, De Saram Place,

Colombo 10.