



INTERIM FINANCIAL STATEMENTS

For the year ended 31 December 2017



	BANK						GROUP					
	For the year ended			For the quarter ended			For the year ended			For the quarter ended		
	31.12.2017 Rs.000 Audited	31.12.2016 Rs.000 Audited	Change %	31.12.2017 Rs.000	31.12.2016 Rs.000	Change %	31.12.2017 Rs.000 Audited	31.12.2016 Rs.000 Audited	Change %	31.12.2017 Rs.000	31.12.2016 Rs.000	Change %
Interest income	10,498,284	7,223,211	45	2,852,656	2,271,819	26	12,194,010	8,465,885	44	3,329,986	2,611,376	28
Less: Interest expenses	7,452,377	4,716,433	58	2,125,414	1,415,864	50	8,492,442	5,445,433	56	2,417,809	1,626,392	49
Net interest income	3,045,907	2,506,778	22	727,242	855,955	(15)	3,701,568	3,020,452	23	912,177	984,984	(7)
Fee and commission income	783,217	667,110	17	211,513	192,319	10	972,671	861,915	13	262,662	245,114	7
Less: Fee and commission expenses	109,748	92,062	19	33,273	25,482	31	145,646	120,078	21	43,078	35,040	23
Net fee and commission income	673,469	575,048	17	178,240	166,837	7	827,025	741,837	11	219,584	210,074	5
Net trading income	428,848	409,085	5	128,158	53,611	139	428,690	409,085	5	128,000	53,611	139
Net gain/ (loss) from financial instruments designated at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-
Other operating income	227,414	246,468	(8)	45,387	7,669	492	303,997	407,086	(25)	58,194	(868)	6803
Total operating income	4,375,638	3,737,379	17	1,079,027	1,084,072	(0)	5,261,279	4,578,460	15	1,317,955	1,247,801	6
Less: Impairment charge												
Individual Impairment	211,977	98,890	114	30,564	67,918	(55)	237,231	141,424	68	28,146	57,235	(51)
Collective Impairment	36,952	53,424	(31)	6,650	45,861	(86)	140,232	110,849	27	58,010	85,235	(32)
Others	-	-	-	-	-	-	45	-	100	44	-	100
Net operating income	4,126,709	3,585,065	15	1,041,813	970,293	7	4,883,772	4,326,187	13	1,231,755	1,105,331	11
Less: Personnel Expenses	1,598,410	1,360,652	17	415,762	345,013	21	1,816,442	1,566,637	16	453,497	382,680	19
Depreciation & Amortisation	399,545	396,604	1	105,683	104,310	1	428,810	427,915	0	112,164	117,910	(5)
Other expenses	1,346,917	1,251,268	8	369,153	348,402	6	1,612,984	1,492,822	8	470,636	416,062	13
Results from operating activities	781,837	576,541	36	151,215	172,568	(12)	1,025,536	838,813	22	195,458	188,680	4
Share of profit of equity accounted investees, net of tax	55,801	76,696	(27)	16,331	(3)		-	-		-	-	
Operating profit before value added tax (VAT) and nation building tax (NBT) on financial services	837,638	653,237	28	167,546	172,565	(3)	1,025,536	838,813	22	195,458	188,680	4
Less: VAT and NBT on financial services	303,520	217,301	40	70,291	40,875	72	348,202	252,170	38	78,101	46,917	66
Profit before tax	534,118	435,936	23	97,255	131,690	(26)	677,334	586,643	15	117,357	141,763	(17)
Less: Tax expenses	73,500	(15,244)	582	(21,917)	3,048	(819)	126,205	33,424	278	(23,604)	3,300	(815)
Profit after tax	460,618	451,180	2	119,172	128,642	(7)	551,129	553,219	(0)	140,961	138,462	2
Profit Attributable to:												
Owners of the parent	460,618	451,180	2	119,172	128,642	(7)	514,776	504,126	2	130,436	136,294	(4)
Non-controlling interest	-	-	-	-	-	-	36,353	49,093	(26)	10,525	2,169	385
Profit after tax	460,618	451,180	2	119,172	128,642	(7)	551,129	553,219	(0)	140,961	138,462	2
Earnings per share												
Earnings per share - Basic	0.42	0.41	2	0.11	0.12	(7)	0.47	0.46	2	0.12	0.12	(4)
Earnings per share - Diluted	0.42	0.41	2	0.11	0.12	(7)	0.47	0.46	2	0.12	0.12	(4)

	BANK						GROUP					
	For the year ended			For the quarter ended			For the year ended			For the quarter ended		
	31.12.2017 Rs.'000 Audited	31.12.2016 Rs.'000 Audited	Change %	31.12.2017 Rs.'000	31.12.2016 Rs.'000	Change %	31.12.2017 Rs.'000 Audited	31.12.2016 Rs.'000 Audited	Change %	31.12.2017 Rs.'000	31.12.2016 Rs.'000	Change %
Profit for the period	460,618	451,180	2	119,172	128,642	(7)	551,129	553,219	(0)	140,961	138,462	2
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	558,232	(335,341)	266	(9,695)	(251,918)	96	559,359	(345,640)	262	(12,719)	(255,441)	95
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	(156,305)	93,895	(100)	2,714	93,895	(100)	(156,305)	93,895	(266)	2,714	90,862	(97)
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	401,927	(241,446)	266	(6,981)	(158,023)	96	403,054	(251,745)	260	(10,005)	(164,579)	94
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>												
Actuarial gains and losses on defined benefit plans	7,214	(12,360)	158	7,214	(12,360)	158	8,184	(10,503)	178	8,184	(11,834)	169
Less: Income tax effect on actuarial gains/(losses) on defined benefit plans	(2,019)	3,461	(158)	(2,020)	3,461	(158)	(2,291)	3,354	(168)	(2,291)	3,726	(161)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	5,194	(8,899)	158	5,194	(8,899)	158	5,893	(7,149)	182	5,892	(8,107)	173
Share of other comprehensive income of equity accounted investees, net of tax	965	(3,959)	124	(1,152)	(3,959)	71	-	-	-	-	-	-
Other comprehensive income for the period, net of taxes	408,087	(254,304)	260	(2,939)	(170,881)	98	408,947	(258,894)	258	(4,113)	(172,686)	98
Total comprehensive income for the period	868,705	196,876	341	116,233	(42,239)	375	960,076	294,325	226	136,848	(34,224)	500
Attributable to:												
Owners of the parent	868,705	196,876	341	116,233	(42,239)	375	922,863	249,821	269	127,497	(43,678)	392
Non-controlling interest	-	-	-	-	-	-	37,213	44,504	(16)	9,351	9,454	(1)
	868,705	196,876	341	116,233	(42,239)	375	960,076	294,325	226	136,848	(34,224)	500

INTERIM FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	BANK			GROUP		
	31.12.2017	31.12.2016	Change	31.12.2017	31.12.2016	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
	Audited	Audited		Audited	Audited	
Assets						
Cash and cash equivalents	4,697,738	2,506,685	87	5,057,422	2,717,650	86
Balances with Central Bank of Sri Lanka	3,785,679	2,487,805	52	3,785,679	2,487,805	52
Placements with banks	716,147	2,819,628	(75)	866,690	2,826,710	(69)
Reverse repurchased agreements	1,795	2,137	(16)	301,297	275,498	9
Derivative financial instruments	2,760	15,412	(82)	2,760	15,412	(82)
Financial investments – held for trading	5,949,023	1,346,932	342	5,949,023	1,346,932	342
Financial investments designated at fair value through profit or loss	-	-	-	-	-	-
Loans and receivables to other customers	70,577,923	55,438,415	27	79,220,956	62,931,936	26
Other loans and receivables	9,609,639	7,747,231	24	8,674,102	6,739,578	29
Financial investments – available for sale	16,453,207	16,520,365	(0)	16,604,761	16,694,470	(1)
Financial investments – held to maturity	2,546,553	140,231	1716	2,546,553	140,231	1716
Current tax asset	436,279	268,456	63	436,284	268,454	63
Investment in real estate	-	-	-	152,914	189,449	(19)
Investments in subsidiaries	1,262,612	940,027	34	-	-	-
Goodwill and intangible assets	1,220,999	1,151,033	6	1,568,398	1,501,682	4
Property, plant and equipment	888,359	897,371	(1)	1,058,067	1,073,818	(1)
Deferred tax assets	-	82,534	(100)	433,728	541,807	(20)
Other assets	858,695	644,247	33	942,198	781,229	21
Total assets	119,007,408	93,008,509	28	127,600,832	100,532,661	27
Liabilities						
Due to banks	17,208,641	12,160,244	42	17,298,727	12,770,197	35
Derivative financial instruments	4,867	3,976	22	4,867	3,976	22
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-	-
Repurchased agreements	10,381,193	10,256,670	1	10,218,055	10,113,570	1
Due to other customers	70,325,594	51,841,372	36	76,747,977	57,525,156	33
Other borrowed funds	1,224,812	-	-	2,968,233	833,095	256
Current tax liabilities	-	-	-	173,207	162,396	7
Deferred tax liabilities	144,922	-	100	145,278	289	50150
Debt securities issued	-	-	-	-	-	-
Subordinated term debts	-	-	-	-	-	-
Other Provisions	-	-	-	-	-	-
Other liabilities	1,859,682	1,663,033	12	2,202,772	2,158,590	2
Total liabilities	101,149,711	75,925,295	33	109,759,116	83,567,269	31

INTERIM FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	BANK			GROUP		
	31.12.2017	31.12.2016	Change	31.12.2017	31.12.2016	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
	Audited	Audited		Audited	Audited	
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	116,256	95,439	22	131,519	107,602	22
ESOP reserve	35,848	17,836	101	35,848	17,836	101
Available for sale reserve	150,570	(251,895)	160	155,377	(247,088)	163
Retained earnings	1,154,757	821,568	41	714,444	330,197	116
Total shareholders' equity	17,857,697	17,083,214	5	17,437,454	16,608,813	5
Non-controlling interests	-	-		404,262	356,579	13
Total equity	17,857,697	17,083,214	5	17,841,716	16,965,392	5
Total equity and liabilities	119,007,408	93,008,509	28	127,600,832	100,532,661	27
Contingent liabilities and commitments	39,286,551	44,404,415	(12)	39,286,551	44,404,415	(12)
Net asset value per ordinary share (Rs.)	16.36	15.65	5	15.98	15.22	5

Memorandum information

Number of Employees	1,269	1,194
Number of Branches	67	65

CERTIFICATION:

We, the undersigned, being the Deputy 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 audited financial statements of the Bank and the Group.

Sgd.

.....
Malinda Samaratunga
Chief Financial Officer

Sgd.

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

Sgd.

.....
Priyantha Fernando
Deputy Chairman

Date: 27 February 2018

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 1 January 2016	16,334,782	65,484	72,880	1,030	(10,449)	449,461	16,913,188
Total comprehensive income for the year							
Net Profit for the year	-	-	-	-	-	451,180	451,180
Other Comprehensive Income	-	-	-	-	(241,446)	(12,858)	(254,304)
Total comprehensive income	-	-	-	-	(241,446)	438,322	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	-	-	22,559	-	-	(22,559)	-
Balance as at 31 December 2016	16,334,782	65,484	95,439	17,836	(251,895)	821,568	17,083,214
Total comprehensive income for the year							
Net Profit for the year	-	-	-	-	-	460,618	460,618
Other Comprehensive Income	-	-	-	-	402,465	5,622	408,087
Total comprehensive income	-	-	-	-	402,465	466,240	868,705
Transactions with equity holders, recognised directly in equity							
Change in control	-	-	-	-	-	(3,093)	(3,093)
Fair value of ESOP	-	-	-	18,012	-	-	18,012
Dividends to equity holders	-	-	-	-	-	(109,141)	(109,141)
Transfers during the year	-	-	20,817	-	-	(20,817)	-
Balance as at 31 December 2017	16,334,782	65,484	116,256	35,848	150,570	1,154,757	17,857,697

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 1 January 2016	16,334,782	65,484	80,624	1,030	(4,576)	(91,504)	16,385,840	329,227	16,715,067
Total comprehensive income for the year									
Net Profit for the year	-	-	-	-	-	504,126	504,126	49,093	553,219
Other Comprehensive Income	-	-	-	-	(242,512)	(11,791)	(254,303)	(4,591)	(258,894)
Total comprehensive income	-	-	-	-	(242,512)	492,335	249,823	44,502	294,325
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)	330,197	16,608,813	356,579	16,965,392
Total comprehensive income for the year									
Net Profit for the year	-	-	-	-	-	514,776	514,776	36,353	551,129
Other Comprehensive Income	-	-	-	-	402,465	5,622	408,087	860	408,947
Total comprehensive income	-	-	-	-	402,465	520,398	922,863	37,213	960,076
Transactions with equity holders, recognised directly in equity									
New share rights issued	-	-	-	-	-	-	-	19,627	19,627
Change in control	-	-	-	-	-	(3,093)	(3,093)	3,093	-
Fair value of ESOP	-	-	-	18,012	-	-	18,012	-	18,012
Transfers during the year	-	-	23,917	-	-	(23,917)	-	-	-
Dividends to equity holders	-	-	-	-	-	(109,141)	(109,141)	(12,250)	(121,391)
Balance as at 31 December 2017	16,334,782	65,484	131,519	35,848	155,377	714,444	17,437,454	404,262	17,841,716

INTERIM FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

Period ended 31 December 2017

	BANK		GROUP	
	31.12.2017 Rs.'000 Audited	31.12.2016 Rs.'000 Audited	31.12.2017 Rs.'000 Audited	31.12.2016 Rs.'000 Audited
Cash flow from operating activities				
Interest receipts	10,043,039	6,443,556	11,084,899	7,676,042
Fee and commission receipts	673,471	575,047	827,027	741,836
Interest payments	(6,616,336)	(4,130,949)	(7,616,916)	(4,728,342)
Receipts from other operating activities	650,496	937,274	732,964	1,107,951
Payments on other operating activities	(3,196,926)	(2,787,425)	(3,720,552)	(3,243,545)
Operating profit before changes in operating assets & liabilities	1,553,744	1,037,503	1,307,422	1,553,942
(Increase)/decrease in operating assets:				
Balances with Central Bank of Sri Lanka	(1,297,874)	(1,180,993)	(1,297,874)	(1,180,993)
Funds advanced to customers	(15,181,731)	(15,260,345)	(16,288,170)	(17,529,084)
Others	(199,659)	(172,406)	(111,782)	(171,234)
	(16,679,264)	(16,613,744)	(17,697,826)	(18,881,311)
Increase /(decrease) in operating liabilities:				
Due to banks & other customers	17,774,168	13,629,074	18,483,732	15,209,006
Repurchased agreements	73,167	2,016,652	53,129	2,121,571
Others	185,157	377,051	33,179	492,052
	18,032,492	16,022,777	18,570,040	17,822,629
Net cash from/(used in) operating activities before income tax	2,906,972	446,536	2,179,636	495,260
Retirement benefit obligation paid	(12,052)	(8,353)	(12,688)	(8,685)
Income tax paid	(64,184)	(28,020)	(84,342)	(46,053)
Net cash from operating activities	2,830,736	410,163	2,082,606	440,522
Cash flow from/(used in) investing activities				
Dividends received	12,221	16,380	2,684	1,239
Financial investments - held for trading	(4,555,008)	6,829,531	(4,555,008)	6,830,355
Financial investments - available for sale	568,180	(8,151,154)	591,858	(8,153,130)
Financial investments - held to maturity	(2,386,348)	7,115	(2,386,348)	7,115
Net increase in debt securities	(1,725,538)	(1,840,911)	(1,725,538)	(1,528,658)
Investment in subsidiaries	(280,432)	-	-	-
Purchase of property, plant & equipment	(243,053)	(247,817)	(272,045)	(312,068)
Purchase of intangible assets	(232,854)	(124,628)	(231,675)	(125,878)
Proceeds from Sale of property, plant & equipment	16,537	2,321	29,961	8,403
Net cash used in investing activities	(8,826,295)	(3,509,163)	(8,546,111)	(3,272,622)
Cash flow from/(used in) financing activities				
Proceeds from shares	-	-	19,628	-
Increase in borrowings	6,139,694	5,089,833	7,133,795	4,401,396
Dividend paid	(109,141)	(43,656)	(121,391)	(60,806)
Net cash from investing activities	6,030,553	5,046,177	7,032,032	4,340,590
Net increase in cash and cash equivalents	34,994	1,947,177	568,527	1,508,490
Cash and cash equivalents at beginning of the year	5,190,479	3,243,723	5,470,814	3,563,864
Cash and cash equivalents at end of the year	5,225,473	5,190,900	6,039,341	5,072,354
Reconciliation of cash and cash equivalents				
Cash and cash equivalents	4,697,738	2,506,685	5,057,422	2,717,650
Placements with banks	716,147	2,819,628	866,690	2,826,710
Reverse repurchased agreements	1,795	-	301,297	273,360
Due to banks - Unfavorable balances with banks	(190,207)	(135,413)	(186,068)	(745,366)
	5,225,473	5,190,900	6,039,341	5,072,354

STATEMENT OF CASH FLOWS

Period ended 31 December 2017

Reconciliation of liabilities arising from financing activities

For the period ended 31 December 2017	31 Dec 2017 Rs.'000	Cash change - Cash flow Rs.'000	Non cash change - Foreign exchange movement Rs.'000	1 Jan 2017 Rs.'000
BANK				
Due to banks	17,208,641	5,044,308	4,089	12,160,244
Other borrowed funds	1,224,812	1,224,812	-	-
Less : Unfavorable balances with banks	(190,207)	(54,794)	-	(135,413)
Less : Interest payable	(144,462)	(74,631)	-	(69,831)
	18,098,784	6,139,694	4,089	11,955,000
GROUP				
Due to banks	17,298,727	4,524,441	4,089	12,770,197
Other borrowed funds	2,968,233	2,135,138	-	833,095
Less : Unfavorable balances with banks	(186,068)	559,298	-	(745,366)
Less : Interest payable	(184,220)	(85,081)	-	(99,139)
	19,896,672	7,133,795	4,089	12,758,787
For the period ended 31 December 2016				
	31 Dec 2016 Rs.'000	Cash change - Cash flow Rs.'000	Non cash change - Foreign exchange movement Rs.'000	1 Jan 2016 Rs.'000
BANK				
Due to banks	12,160,244	5,197,712	17,284	6,945,249
Other borrowed funds	-	-	-	-
Less : Unfavorable balances with banks	(135,413)	(79,650)	-	(55,763)
Less : Interest payable	(69,831)	(28,228)	-	(41,603)
	11,955,000	5,089,833	17,284	6,847,883
GROUP				
Due to banks	12,770,197	5,596,525	17,284	7,156,388
Other borrowed funds	833,095	(447,990)	-	1,281,085
Less : Unfavorable balances with banks	(745,366)	(689,603)	-	(55,763)
Less : Interest payable	(99,139)	(57,536)	-	(41,603)
	12,758,787	4,401,396	17,284	8,340,107

1 LOANS AND RECEIVABLES TO OTHER CUSTOMERS

	BANK		GROUP	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	Rs.'000 Audited	Rs.'000 Audited	Rs.'000 Audited	Rs.'000 Audited
Gross loans and receivables (Note 1.1)	71,493,285	56,109,621	80,645,569	64,105,186
(Less): Individual impairment (Note 1.2)	(515,446)	(303,469)	(692,244)	(572,332)
Collective impairment (Note 1.2)	(399,916)	(367,737)	(732,369)	(600,918)
Net loans and receivables	70,577,923	55,438,415	79,220,956	62,931,936

1.1 Loans and Receivables to other customers - by product

Overdrafts	11,851,333	9,816,879	11,847,164	9,691,941
Trade finance	6,057,397	5,283,571	6,057,397	5,283,571
Pawning	680,156	196,947	680,156	196,949
Staff loans	824,246	700,800	824,308	700,875
Term loans	38,168,530	30,503,670	39,799,490	31,926,650
Lease and Hire purchase	1,614,104	1,339,952	7,170,123	6,240,628
Factoring	521,601	411,201	2,248,966	1,967,785
Others	-	-	242,047	240,186
By product - Local currency	59,717,368	48,253,020	68,869,651	56,248,585
Overdrafts	46,067	14,075	46,067	14,075
Trade finance	7,293,549	6,256,932	7,293,549	6,256,932
Term loans	4,436,302	1,585,594	4,436,302	1,585,594
By product - Foreign currency	11,775,918	7,856,601	11,775,918	7,856,601
Total loans and receivables	71,493,285	56,109,621	80,645,569	64,105,186

1.2 Movements in Individual and Collective Impairment for the period

Individual impairment				
Opening balance as at 1 January	303,469	204,579	572,332	430,908
Charge to Statement of Profit or Loss	211,977	98,890	237,232	141,424
Net write-off during the year	-	-	(117,320)	-
Closing balance as at 31 December	515,446	303,469	692,244	572,332
Collective impairment				
Opening balance as at 1 January	367,737	363,804	600,918	539,560
Charge to Statement of Profit or Loss	36,952	53,424	140,232	110,849
Net write-off during the year	(4,773)	(49,491)	(8,781)	(49,491)
Closing balance as at 31 December	399,916	367,737	732,369	600,918
Total impairment	915,362	671,206	1,424,613	1,173,250

2 DUE TO OTHER CUSTOMERS

	BANK		GROUP	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	Rs.'000 Audited	Rs.'000 Audited	Rs.'000 Audited	Rs.'000 Audited
Local currency deposits				
Current accounts	3,080,341	3,294,303	3,080,171	3,292,382
Saving accounts	11,495,645	7,282,591	10,865,945	7,293,188
Fixed deposits	43,806,062	33,197,398	50,858,315	38,872,506
Certificate of deposits	2,623,412	2,379,775	2,623,412	2,379,775
Total	61,005,460	46,154,067	67,427,843	51,837,851
Foreign currency deposits				
Current accounts	178,115	250,884	178,115	250,884
Saving accounts	1,555,768	1,530,120	1,555,768	1,530,120
Fixed deposits	7,586,251	3,906,301	7,586,251	3,906,301
Total	9,320,134	5,687,305	9,320,134	5,687,305
Total deposits	70,325,594	51,841,372	76,747,977	57,525,156

- 1 The information contained in these statements have been extracted from the audited financial statements for the year ended 31 December 2017 of the Bank and the Group.
- 2 Interim financial statements are presented in accordance with LKAS 34 - Interim Financial Reporting applicable after 1 January 2012. The accounting policies and methods of computation are in consistence with those disclosed in the Annual Report for the year ended 31 December 2017.
- 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 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;
- 3.1 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 2017 at the Board meeting held on 27 February 2018.

4 Information on Ordinary Shares

Market Value	31.12.2017	31.12.2016
	Rs.	Rs.
Last traded price	13.20	15.40
Highest price for the quarter	15.00	17.10
Lowest price for the quarter	13.10	15.00

SEGMENTAL ANALYSIS (Audited)

	Corporate		Treasury		SME		Retail		Other Group Companies		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
For the year ended 31 December												
Interest income	3,373,374	2,161,126	2,373,679	1,891,082	2,945,176	2,473,046	1,605,180	540,955	1,896,601	1,399,676	12,194,010	8,465,885
Inter-segment interest income	-	-	-	-	-	-	4,182,709	3,098,785	-	-	4,182,709	3,098,785
Total interest income	3,373,374	2,161,126	2,373,679	1,891,082	2,945,176	2,473,046	5,787,889	3,639,740	1,896,601	1,399,676	16,376,719	11,564,670
Total interest expense	936,322	470,532	1,175,011	1,411,026	948,922	2,348	4,368,222	2,818,890	1,063,965	742,637	8,492,442	5,445,433
Inter-segment interest expense	1,917,213	1,143,126	919,198	53,237	1,346,298	1,902,422	-	-	-	-	4,182,709	3,098,785
Total interest expense	2,853,535	1,613,658	2,094,209	1,464,263	2,295,220	1,904,770	4,368,222	2,818,890	1,063,965	742,637	12,675,151	8,544,218
Net interest income	519,839	547,473	279,470	426,819	649,957	568,271	1,419,667	820,850	832,635	657,039	3,701,568	3,020,452
Total other income	164,068	138,436	605,791	571,625	363,969	328,050	190,393	155,865	235,491	364,030	1,559,712	1,558,006
Total net income	683,907	685,909	885,261	998,444	1,013,925	896,321	1,610,060	976,715	1,068,127	1,021,071	5,261,280	4,578,460
Less:												
Impairment	12,008	71,237	-	-	221,227	63,651	15,693	17,426	128,580	99,959	377,508	252,273
Depreciation & amortisation	63,836	70,573	64,236	71,351	135,736	127,340	135,736	127,340	29,266	31,311	428,810	427,915
Other expenses	422,838	568,418	388,581	543,014	948,097	737,958	1,187,039	766,067	482,871	444,002	3,429,426	3,059,459
Segmental results	185,225	(24,320)	432,443	384,078	(291,135)	(32,627)	271,591	65,883	427,412	445,799	1,025,536	838,813
Less:												
VAT and NBT on financial services											348,202	252,170
Tax expense											126,205	33,424
Profit after taxation											551,129	553,219
Other information												
As at 31 December												
Segment assets	32,628,443	26,760,098	28,872,071	31,784,676	27,824,893	22,285,058	18,547,363	9,680,285	15,289,387	5,855,553	123,162,157	96,365,670
Unallocated assets											4,438,675	4,166,991
Consolidated total assets											127,600,832	100,532,661
Segment liabilities	14,254,252	8,929,785	27,492,849	22,361,431	9,321,555	-	44,770,964	42,186,498	11,398,239	7,768,279	107,237,859	81,245,993
Unallocated liabilities											2,521,257	2,321,276
Consolidated total liabilities											109,759,116	83,567,269
For the period ended 31 December												
Cash flow from operating activities	461,019	92,765	596,751	135,034	683,483	121,222	1,085,336	132,095	(743,984)	(40,595)	2,082,606	440,522
Cash flow from investing activities	(120,662)	(88,459)	(8,242,680)	(3,267,805)	(178,888)	(115,595)	(284,064)	(125,963)	280,183	325,200	(8,546,111)	(3,272,622)
Cash flow from financing activities	-	-	6,034,643	5,063,461	-	-	-	-	997,389	(722,871)	7,032,032	4,340,590

INTERIM FINANCIAL STATEMENTS

INFORMATION ON ORDINARY SHARES OF THE BANK

As at 31 December 2017

TOP 20 SHAREHOLDERS

Name	No. of shares as at 31.12.2017	% 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	24,136,649	2.21%
5 Dr. T. Senthilverl	19,830,860	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 Softlogic Life Insurance PLC – A/C 02 (Life Fund)	6,023,317	0.55%
13 Anverally and Sons (Pvt) Ltd A/C No 01	5,203,602	0.48%
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	2,876,063	0.26%
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%
	996,750,173	91.32%
Other shareholders	94,656,076	8.68%
Total	1,091,406,249	100.00%

As at 31 December 2017

Number of shares in public holding	327,267,975
Number of public shareholders	31,707
Percentage of public holding	29.99%
Market capitalisation (Rs.)	14,406,562,487
Float adjusted market capitalisation (Rs.)	4,319,923,014
Required minimum public holding percentage under option 4 of rule 7.13.1 (a) of the Listing Rules of Colombo Stock Exchange	10%

DIRECTORS' INDIVIDUAL HOLDING IN SHARES

Name	No. of shares held as at 31.12.2017
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

MEASUREMENT OF FINANCIAL INSTRUMENTS

a. 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
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 assets	-	-	133,308	-	-	-	133,308
Total financial assets	5,951,783	2,546,553	89,522,229	16,453,207	-	-	114,473,772

	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
Other financial liabilities 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	-	-	-	-	-
Other liabilities	-	1,402,968	-	-	1,402,968
Total financial liabilities	4,867	100,543,208	-	-	100,548,075

b. Bank - 31 December 2016 (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.
ASSETS							
Cash and cash equivalents	-	-	2,506,685	-	-	-	2,506,685
Balances with Central Bank of Sri Lanka	-	-	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 investments - 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	71,107,569	16,520,365	-	-	89,130,509

	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	-	12,160,244	-	-	12,160,244
Derivative financial instruments	3,976	-	-	-	3,976
Other financial liabilities at fair value through profit or loss	-	-	-	-	-
Repurchased agreements	-	10,256,670	-	-	10,256,670
Due to other customers	-	51,841,372	-	-	51,841,372
Other borrowings	-	-	-	-	-
Debt securities issued	-	-	-	-	-
Other liabilities	-	1,279,019	-	-	1,279,019
Total financial liabilities	3,976	75,537,305	-	-	75,541,281

MEASUREMENT OF FINANCIAL INSTRUMENTS

a. 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
Loans and receivables to banks	-	-	-	-	-	-	-
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 assets	-	-	199,925	-	-	-	199,925
Total financial assets	5,951,783	2,546,553	98,106,071	16,604,761	-	-	123,209,168

	Held for Trading Rs.000	Amortised cost Rs.000	Designated at fair value Rs.000	Hedging Rs.000	Total Rs.
LIABILITIES					
Due to banks	-	-	17,298,727	-	17,298,727
Derivative Financial Instruments	-	4,867	-	-	4,867
Other financial liabilities 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	-	-	-	-	-
Other liabilities	-	-	1,562,527	-	1,562,527
Total financial liabilities	-	4,867	108,795,519	-	108,800,386

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	Designated at fair value Rs.000	Hedging Rs.000	Total Rs.000
ASSETS							
Cash and cash equivalents	-	-	2,717,650	-	-	-	2,717,650
Balances with Central Bank of Sri Lanka	-	-	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
Financial investments - 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

	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	-	-	12,770,197	-	12,770,197
Derivative financial instruments	-	3,976	-	-	3,976
Other financial liabilities at fair value through profit or loss	-	-	-	-	-
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
Debt securities issued	-	-	-	-	-
Other liabilities	-	-	1,643,927	-	1,643,927
Total financial liabilities	-	3,976	82,885,945	-	82,889,921

INTERIM FINANCIAL STATEMENTS
SELECTED PERFORMANCE INDICATORS

Item	BANK		GROUP	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Regulatory Capital - Rs '000				
Common Equity Tier 1 (Basel III)	15,357,209	NA	16,332,655	NA
Tier 1 Capital/Core Capital (Basel III / Basel II)	15,357,209	15,579,019	16,332,655	14,633,157
Total Capital/Total Capital Base (Basel III / Basel II)	15,357,209	15,148,587	16,332,655	14,628,817
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement as per Basel III - 4.5%)	18.85%	NA	18.09%	NA
Tier 1 Capital Ratio				
Basel III (Minimum Requirement - 7.25%)	18.85%	NA	18.09%	NA
Basel II (Minimum Requirement - 5%)	NA	22.72%	NA	19.33%
Total Capital Ratio				
Basel III (Minimum Requirement - 11.25%)	18.85%	NA	18.09%	NA
Basel II (Minimum Requirement - 10%)	NA	22.09%	NA	19.32%
Regulatory Liquidity				
Statutory Liquid Assets				
Domestic Banking Unit, Rs. '000	16,953,184	13,246,635		
Foreign Currency Banking Unit, USD '000	12,168	6,007		
Statutory Liquid Assets Ratio, % (Minimum Requirement, 20%)				
Domestic Banking Unit	21.27%	22.02%		
Foreign Currency Banking Unit	21.13%	21.79%		
Liquidity Coverage Ratio (%), Rupee (Minimum Requirement - 80%)	160.14%	111.97%		
Liquidity Coverage Ratio (%), All Currency (Minimum Requirement - 80%)	83.02%	82.28%		
Assets Quality (Quality of Loan Portfolio)				
Gross Non-Performing Advances Ratio, % (Net of interest in suspense)	2.69%	2.40%		
Net-Non Performing Advances,% (Net of interest in suspense and provision)	1.76%	1.56%		
Profitability				
Interest Margin, %	2.87%	3.06%		
Return on Assets (Before Tax), %	0.50%	0.53%		
Return on Assets (After Tax), %	0.43%	0.55%		
Return on Equity (After Tax), %	2.64%	2.65%		

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.