



# **INTERIM FINANCIAL STATEMENTS**

For the period ended 30 September 2018



25<sup>th</sup> October 2018

## **Union Bank Group crosses LKR 01 billion in profit before all taxes & Bank up by 37%.**

### **Bank Performance**

- Gross Income grew by 18% YoY to Rs. 10,231Mn
- Profit Before all taxes grew by 37% YoY to Rs.921 Mn
- Net Interest Income grew by 17% YoY to Rs. 2,722Mn
- Net Fee and Commission Income grew by 21% YoY to Rs. 600Mn
- Total Capital Adequacy Ratio was 17.6%

### **Group Performance**

- Gross Income grew by 17% YoY to Rs. 11,856Mn
- Profit Before all taxes grew by 31% YoY to Rs. 1,090Mn
- Net Interest Income grew by 20% YoY to Rs. 3,342Mn
- Net Fee and Commission Income grew by 15% YoY to Rs. 697Mn

### **Core Banking Growth and Profitability**

Union Bank posted consistent and strong growth in core banking operations excluding the results from capital gains and newly launched credit card operations by 79% during the period under review amidst the challenging macroeconomic backdrop.

Group profit before all taxes crossed Rs. 01 billion mark, whilst the Bank recorded an impressive profit before all taxes of Rs. 921Mn, a 37% growth YoY for the period ended September 2018; highlighting the Bank's robust performance and progress towards achieving its growth objectives for the year.

Focused revenue management using portfolio re-alignment within and across business units resulted in a 17% YoY growth in Net Interest Income (NII) which was Rs.2,722 Mn during the period ended 30th September despite the narrowing margins due to market fluctuations.

The fee and commission income of the Bank continued to improve through the key enablers articulated in the business strategy. Net fee and commission income grew by 21% YoY to Rs.600Mn during the period under review. The growth is mainly attributed to fees on loans and deposits.

Capital gains from Government securities for the period is Rs. 207Mn which is an 8% reduction YoY. Income from investment in units for the period is Rs. 198Mn.

The growth in the other operating income was mainly contributed by foreign exchange income which was Rs. 209Mn for the period and is a 61% increase YoY. This is mainly resultant from increased customer transactions.

Total Operating Income of the Bank rose to Rs. 3,931Mn, and represented a growth of 19% YoY. Total Operating Expenses were prudently managed and grew only by 16% YoY to Rs. 2,843Mn during the period. As a result, operating margin (pre-impairment profit) improved by 29% YoY.

Impairment charge for the period was Rs. 214Mn and the profit share from subsidiaries was Rs. 48Mn.

Profit after Tax (PAT) for the period was Rs. 390Mn and represented a 14% growth YoY. The Bank's PAT continued to be impacted due to higher effective tax rates as a result of the implementation of the new Inland Revenue Act. Overall taxes have increased by 62% YoY.

Total assets of the Bank stood at Rs. 122,375Mn as at 30<sup>th</sup> September. The Bank's loans and receivables stood at Rs. 71,647Mn while the deposits base was Rs. 76,143Mn as at the balance sheet date. Loan to Deposit ratio significantly improved to 94% from 100% a year ago. The Bank continued to focus on asset quality with prudent risk management practices. The net NPL ratio of the Bank was 2.4% at the end of the reporting period.

Total CASA grew to Rs. 17,363Mn which translated to a growth of 14% YoY. Maintaining a healthy CASA inflow was supported through focused acquisition strategies driven by Retail and SME banking segments.

The Bank continued to maintain its robust Capital Adequacy, reporting a Total Capital Ratio of 17.6% as at the balance sheet date.

The Group consisting of the Bank and its two subsidiaries, UB Finance Company Limited and National Asset Management Limited reported a Profit before all taxes of Rs. 1,090Mn for the period which was a growth of 31% YoY. Total assets of the Group was Rs. 131,174Mn of which 93% was represented by the Bank. The Group maintained a healthy Core Capital Ratio of 17.5% as at the balance sheet date.

#### **Business Performance and Strategic Enablers**

The Bank's Corporate Banking portfolio grew by 10% YoY. CASA and fee income was supported with the cash management solution whilst end to end relationship management enhanced strengthening of customer portfolios during the period under review.

The SME Banking portfolio stood at Rs. 23,317 Mn as at 30 September amidst a slowdown in credit growth. The Bank continued to focus growth segments in the SME sector supported by a customized strategy for key market segments. Focus on transactional banking services continued to support CASA and deposits sourcing for the sector.

The Retail Banking portfolio continued to expand during the period under review with the retail deposits base growing to Rs. 48,710Mn which is a 15% YoY growth. Bank's focus on relationship management and higher average balance savings accounts highlighted YoY growth of 14% in CASA. Enhanced focus on mortgaged backed lending highlighted growth in the retail loans portfolio with growth of 19% YoY of same. Adding to the versatility of the retail banking product offering, the Bank also launched Credit Cards, powered with VISA Paywave. Three Credit Card variants were launched namely, Gold, Platinum and Signature propositions. The cards offer competitive range of interest rates and includes payment plans, rewards and year round offers.

The Treasury made notable contributions to the Bank's bottom line during the period under review. In a backdrop where financial markets experienced liquidity shortages and extreme volatility resulting fluctuations in Dollar/Rupee premiums, the Treasury generated higher FX Revenues by timely exploiting market opportunities in Swap, outright and customer positions. In addition Treasury also recorded higher capital gains through bond trading.

During the quarter, the Bank also secured the award for the best bank in seamless back-end operations at the LankaPay Technnovation Awards 2018 and two main awards at the National Sales Congress Awards (NASCO) organized by the Sri Lanka Institute of Marketing (SLIM).

Commenting on the performance of the Bank as at end Q3 2018, Union Bank's Director/Chief Executive Officer Mr. Indrajit Wickramasinghe said, "This consistent growth trajectory is an affirmation of the success of the Bank's midterm strategic initiatives for accelerated growth. Clear focus, strategic realignment and commitment has enabled the Bank to record an impressive performance amidst a challenging business environment. We will continue to enhance operational efficiencies in all key areas and align our subsidiaries to support the overall growth momentum".

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**INTERIM FINANCIAL STATEMENTS**
**STATEMENT OF PROFIT OR LOSS**

Period ended 30 September 2018

	BANK						GROUP					
	For the nine months ended			For the quarter ended			For the nine months ended			For the quarter ended		
	30.09.2018 Rs.000	30.09.2017 Rs.000	Change %	30.09.2018 Rs.000	30.09.2017 Rs.000	Change %	30.09.2018 Rs.000	30.09.2017 Rs.000	Change %	30.09.2018 Rs.000	30.09.2017 Rs.000	Change %
<b>Gross Income</b>	10,231,117	8,700,047	18	3,510,274	3,188,747	10	11,856,261	10,120,525	17	4,057,301	3,686,773	10
Interest income	8,923,975	7,645,627	17	3,055,113	2,738,048	12	10,408,716	8,864,023	17	3,560,392	3,166,511	12
Less: Interest expenses	6,202,171	5,326,964	16	2,118,330	1,980,209	7	7,066,779	6,074,633	16	2,409,631	2,244,693	7
<b>Net interest income</b>	2,721,804	2,318,663	17	936,783	757,839	24	3,341,937	2,789,390	20	1,150,761	921,818	25
Fee and commission income	698,234	571,704	22	251,341	202,893	24	816,432	710,010	15	283,950	252,173	13
Less: Fee and commission expenses	97,989	76,474	28	36,315	26,534	37	119,128	102,567	16	42,133	36,432	16
<b>Net fee and commission income</b>	600,245	495,230	21	215,026	176,359	22	697,304	607,443	15	241,817	215,741	12
Net trading income	226,773	300,690	(25)	32,405	180,194	(82)	226,773	300,690	(25)	32,405	180,194	(82)
Net gains from financial investments	179,040	119,160	50	77,210	52,712	46	179,040	119,160	50	77,210	52,712	46
Net gain/ (loss) from financial instruments designated at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-	-	-
Other operating income	203,095	62,866	223	94,205	14,901	532	225,300	126,643	78	103,345	35,183	194
<b>Total operating income</b>	3,930,957	3,296,609	19	1,355,629	1,182,005	15	4,670,354	3,943,325	18	1,605,538	1,405,648	14
<b>Less: Impairment charge</b>												
Individual Impairment	159,026	181,413	(12)	36,793	70,129	(48)	255,184	209,085	22	58,861	82,754	(29)
Collective Impairment	54,936	30,302	81	18,766	9,904	89	105,116	82,222	28	45,741	28,247	62
Others	-	-	-	-	-	-	(20,642)	-	(100)	-	-	-
<b>Net operating income</b>	3,716,995	3,084,894	20	1,300,070	1,101,972	18	4,330,696	3,652,018	19	1,500,936	1,294,646	16
Less: Personnel expenses	1,354,714	1,182,647	15	474,020	416,418	14	1,550,547	1,362,945	14	539,852	481,459	12
Depreciation & amortisation	310,411	293,862	6	107,047	103,059	4	328,879	316,646	4	113,666	110,348	3
Other expenses	1,178,196	977,766	20	363,471	315,596	15	1,361,590	1,142,350	19	427,871	368,372	16
<b>Total operating expenses</b>	2,843,321	2,454,275	16	944,538	835,073	13	3,241,016	2,821,942	15	1,081,389	960,180	13
<b>Results from operating activities</b>	873,674	630,619	39	355,532	266,899	33	1,089,680	830,077	31	419,547	334,467	25
Share of profit of equity accounted investees, net of tax	47,604	39,469	21	7,405	9,943	(26)	-	-	-	-	-	-
<b>Operating profit before value added tax (VAT) and nation building tax (NBT) on financial services</b>	921,278	670,087	37	362,937	276,842	31	1,089,680	830,077	31	419,547	334,467	25
Less: VAT and NBT on financial services	321,143	233,227	38	116,454	88,080	32	364,466	270,102	35	130,581	102,674	27
<b>Profit before tax</b>	600,135	436,861	37	246,483	188,761	31	725,214	559,975	30	288,966	231,794	25
Less: Tax expenses	210,305	95,417	120	109,730	54,644	101	278,781	149,809	86	137,222	74,264	85
<b>Profit after tax</b>	389,830	341,444	14	136,753	134,118	2	446,433	410,166	9	151,744	157,530	(4)
<b>Profit Attributable to:</b>												
Equity holders of the parent	389,830	341,444	14	136,753	134,118	2	424,722	384,340	11	149,018	150,977	(1)
Non-controlling interest	-	-	-	-	-	-	21,711	25,826	(16)	2,724	6,553	(58)
<b>Profit after tax</b>	389,830	341,444	14	136,753	134,118	2	446,433	410,166	9	151,744	157,530	(4)

**Earnings per share**

Earnings per share - Basic	0.36	0.31	14	0.13	0.12	2	0.39	0.35	11	0.14	0.14	(1)
Earnings per share - Diluted	0.35	0.31	14	0.12	0.12	2	0.39	0.35	11	0.14	0.14	(1)

## STATEMENT OF COMPREHENSIVE INCOME

Period ended 30 September 2018

	BANK						GROUP					
	For the nine months ended			For the quarter ended			For the nine months ended			For the quarter ended		
	30.09.2018 Rs.'000	30.09.2017 Rs.'000	Change %	30.09.2018 Rs.'000	30.09.2017 Rs.'000	Change %	30.09.2018 Rs.'000	30.09.2017 Rs.'000	Change %	30.09.2018 Rs.'000	30.09.2017 Rs.'000	Change %
<b>Profit for the period</b>	389,830	341,444	14	136,753	134,118	2	446,433	410,166	9	151,744	157,530	(4)
<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	(327,219)	567,927	(158)	(138,188)	323,289	(143)	(339,513)	572,078	(159)	(143,206)	324,577	(144)
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	91,621	(159,020)	(100)	38,693	(90,521)	(100)	95,064	(159,020)	160	42,135	(90,521)	147
Share of other comprehensive income of equity accounted investees, net of tax	(1,676)	2,117	(179)	(804)	669	(220)	-	-		-	-	
<b>Net other comprehensive income to be reclassified to profit or loss in subsequent periods</b>	(237,274)	411,024	(158)	(100,299)	233,437	(143)	(244,449)	413,058	(159)	(101,071)	234,056	(143)
<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	-	-	
Less: Income tax effect on actuarial gains/(losses) on defined benefit plans	-	-		-	-		(1,506)	-	100	-	-	
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>	-	-		-	-		3,872	-	100	-	-	
<b>Other comprehensive income for the period, net of taxes</b>	(237,274)	411,024	(158)	(100,299)	233,437	(143)	(240,577)	413,058	(158)	(101,071)	234,056	(143)
<b>Total comprehensive income for the period, net of taxes</b>	152,556	752,468	(80)	36,454	367,555	(90)	205,856	823,224	(75)	50,673	391,586	(87)
<b>Attributable to:</b>												
Equity holders of the parent	152,556	752,468	(80)	36,454	367,555	(90)	187,449	795,365	(76)	(91,656)	384,414	(124)
Non-controlling interest	-	-		-	-		18,407	27,859	(34)	142,329	7,172	1,885
<b>Total comprehensive income for the period, net of taxes</b>	152,556	752,468	(80)	36,454	367,555	(90)	205,856	823,224	(75)	50,673	391,586	(87)

# INTERIM FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	BANK			GROUP		
	30.09.2018	31.12.2017	Change	30.09.2018	31.12.2017	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
		Audited			Audited	
<b>Assets</b>						
Cash and cash equivalents	2,242,634	4,697,738	(52)	2,646,889	5,057,422	(48)
Balances with Central Bank of Sri Lanka	4,159,843	3,785,679	10	4,159,843	3,785,679	10
Placements with banks	1,372,047	716,147	92	1,368,564	866,690	58
Reverse repurchased agreements	795,026	1,795		1,169,772	301,297	288
Derivative financial instruments	66,232	2,760	2299	66,232	2,760	2299
Financial investments – held for trading	4,450,800	5,949,023	(25)	4,450,800	5,949,023	(25)
Financial investments designated at fair value through profit or loss	-	-		-	-	
Loans and receivables to other customers	71,646,673	70,577,923	2	80,531,868	79,220,956	2
Other loans and receivables	8,566,913	9,609,639	(11)	7,646,611	8,674,102	(12)
Financial investments – available for sale	17,079,139	16,453,207	4	17,160,629	16,604,761	3
Financial investments – held to maturity	7,164,664	2,546,553	181	7,164,664	2,546,553	181
Current tax asset	364,291	436,280	(17)	364,294	436,284	(17)
Investment in real estate	-	-		163,707	152,914	7
Investments in subsidiaries	1,262,578	1,262,612	(0)	-	-	
Goodwill and intangible assets	1,180,705	1,220,999	(3)	1,529,868	1,568,398	(2)
Property, plant and equipment	814,165	888,359	(8)	999,457	1,058,067	(6)
Deferred tax assets	-	-		415,911	433,728	(4)
Other assets	1,209,560	858,695	41	1,335,352	942,198	42
<b>Total assets</b>	<b>122,375,270</b>	<b>119,007,408</b>	<b>3</b>	<b>131,174,461</b>	<b>127,600,832</b>	<b>3</b>
<b>Liabilities</b>						
Due to banks	10,780,054	17,208,641	(37)	11,038,905	17,298,727	(36)
Derivative financial instruments	108,103	4,867	2121	108,103	4,867	2121
Financial liabilities designated at fair value through profit or loss	-	-		-	-	
Repurchased agreements	14,649,922	10,381,193	41	14,514,842	10,218,055	42
Due to other customers	76,142,710	70,325,594	8	82,987,776	76,747,977	8
Other borrowed funds	1,286,845	1,224,812	5	2,573,046	2,968,233	(13)
Debt securities issued	-	-		-	-	
Subordinated term debts	-	-		-	-	
Current tax liabilities	-	-		214,245	173,207	24
Deferred tax liabilities	151,300	144,922	4	151,300	145,278	4
Other Provisions	-	-		-	-	
Other liabilities	1,345,915	1,859,682	(28)	1,687,504	2,202,772	(23)
<b>Total liabilities</b>	<b>104,464,849</b>	<b>101,149,711</b>	<b>3</b>	<b>113,275,721</b>	<b>109,759,116</b>	<b>3</b>

# INTERIM FINANCIAL STATEMENTS

## STATEMENT OF FINANCIAL POSITION

As at 30 September 2018

	BANK			GROUP		
	30.09.2018	31.12.2017	Change	30.09.2018	31.12.2017	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
		Audited			Audited	
<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	135,747	116,255	17	151,010	131,519	15
ESOP reserve	45,157	35,848	26	45,157	35,848	26
Available for sale reserve	(86,704)	150,570	(158)	(84,735)	155,377	(155)
Retained earnings	1,415,955	1,154,758	23	1,013,374	714,444	42
<b>Total shareholders' equity</b>	<b>17,910,421</b>	<b>17,857,697</b>	<b>0</b>	<b>17,525,071</b>	<b>17,437,454</b>	<b>1</b>
Non-controlling interests	-	-		373,669	404,262	(8)
<b>Total equity</b>	<b>17,910,421</b>	<b>17,857,697</b>	<b>0</b>	<b>17,898,740</b>	<b>17,841,716</b>	<b>0</b>
<b>Total equity and liabilities</b>	<b>122,375,270</b>	<b>119,007,408</b>	<b>3</b>	<b>131,174,461</b>	<b>127,600,832</b>	<b>3</b>
<b>Contingent liabilities and commitments</b>	<b>42,620,696</b>	<b>39,286,551</b>	<b>8</b>	<b>42,620,696</b>	<b>39,286,551</b>	<b>8</b>
<b>Net asset value per ordinary share (Rs.)</b>	<b>16.41</b>	<b>16.36</b>		<b>16.06</b>	<b>15.98</b>	

### Memorandum information

Number of Employees	1,271	1,269
Number of Branches	67	67

### CERTIFICATION:

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

- (a) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka;
- (b) the information contained in these statements have been extracted from the unaudited financial statements of the Bank and the Group unless indicated as audited.

Sgd,

Malinda Samaratunga  
Chief Financial Officer

Sgd,

Indrajit Wickramasinghe  
Director/ Chief Executive Officer

Sgd,

Yudhishtan Kanagasabai  
Director

Date: 25 October 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 2017	16,334,782	65,484	95,439	17,836	(251,894)	821,568	17,083,214
Net profit for the period	-	-	-	-	-	341,444	341,444
Other comprehensive Income	-	-	-	-	411,024	-	411,024
<b>Total comprehensive Income</b>	-	-	-	-	411,024	341,444	752,468
Fair value of ESOP	-	-	-	12,659	-	-	12,659
Transfers during the period	-	-	17,072	-	-	(17,072)	-
Dividend Paid	-	-	-	-	-	(109,141)	(109,141)
Balance as at 30 September 2017	16,334,782	65,484	112,511	30,495	159,130	1,036,798	17,739,200
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	-	-	-	-	-	389,830	389,830
Other comprehensive Income	-	-	-	-	(237,274)	-	(237,274)
<b>Total comprehensive Income</b>	-	-	-	-	(237,274)	389,830	152,556
Fair value of ESOP	-	-	-	9,309	-	-	9,309
Transfers during the period	-	-	19,491	-	-	(19,491)	-
Dividend Paid	-	-	-	-	-	(109,141)	(109,141)
Balance as at 30 September 2018	16,334,782	65,484	135,747	45,157	(86,704)	1,415,955	17,910,421

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 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	-	-	-	-	-	384,339	384,339	25,826	410,165
Other comprehensive Income	-	-	-	-	411,024	-	411,025	2,034	413,058
<b>Total comprehensive Income</b>	-	-	-	-	411,024	384,339	795,363	27,860	823,223
Fair value of ESOP	-	-	-	12,659	-	-	12,659	-	12,659
Transfers during the period	-	-	17,072	-	-	(17,072)	-	-	-
Dividend Paid	-	-	-	-	-	(109,141)	(109,141)	(12,250)	(121,391)
Balance as at 30 September 2017	16,334,782	65,484	124,674	30,495	163,937	588,323	17,307,694	372,189	17,679,883
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	-	-	-	-	-	424,722	424,722	21,711	446,433
Other comprehensive Income	-	-	-	-	(240,112)	2,839	(237,273)	(3,304)	(240,577)
<b>Total comprehensive Income</b>	-	-	-	-	(240,112)	427,561	187,449	18,407	205,856
Fair value of ESOP	-	-	-	9,309	-	-	9,309	-	9,309
Transfers during the period	-	-	19,491	-	-	(19,491)	-	-	-
Dividend Paid	-	-	-	-	-	(109,141)	(109,141)	(49,000)	(158,141)
Balance as at 30 September 2018	16,334,782	65,484	151,010	45,157	(84,735)	1,013,374	17,525,071	373,669	17,898,740

**INTERIM FINANCIAL STATEMENTS**

**STATEMENT OF CASH FLOWS**

Period ended 30 September 2018

	<b>BANK</b>		<b>GROUP</b>	
	<b>30.09.2018</b>	<b>30.09.2017</b>	<b>30.09.2018</b>	<b>30.09.2017</b>
	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>	<b>Rs.'000</b>
<b>Cash flow from operating activities</b>				
Interest received	8,851,943	7,533,008	10,791,900	8,310,906
Fees and commission receipts	600,245	495,230	697,304	607,443
Interest paid	(6,002,908)	(4,792,200)	(6,888,683)	(5,547,900)
Net Foreign Exchange gain	-	-	-	-
Receipts from Other operating activities	469,197	479,603	491,402	547,613
Payments on Other operating activities	(2,794,181)	(2,341,081)	(3,213,331)	(2,720,941)
<b>Operating profit/(loss) before changes in operating assets &amp; liabilities</b>	<b>1,124,295</b>	<b>1,374,561</b>	<b>1,878,593</b>	<b>1,197,121</b>
<b>(Increase)/decrease in operating assets:</b>				
Balance with Central Bank of Sri Lanka	(374,164)	(1,440,260)	(374,164)	(1,440,260)
Funds advanced to customers	(1,197,184)	(12,037,140)	(1,971,372)	(12,473,483)
Others	(414,336)	(221,950)	(456,627)	(186,552)
	(1,985,684)	(13,699,349)	(2,802,163)	(14,100,294)
<b>Increase /(decrease) in operating liabilities:</b>				
Due to other customers	5,727,385	15,123,335	6,187,657	14,725,405
Repurchased agreements	4,287,596	809,769	4,315,654	752,737
Other liabilities	(446,453)	503,490	(412,732)	397,798
	9,568,529	16,436,594	10,090,579	15,875,941
<b>Net cash from/(used in) operating activities before income tax</b>	<b>8,707,140</b>	<b>4,111,806</b>	<b>9,167,008</b>	<b>2,972,767</b>
Retiring gratuity paid	(14,642)	(8,346)	(18,701)	(8,956)
Income tax paid	(9,117)	(145,955)	(77,545)	(175,465)
<b>Net cash from operating activities</b>	<b>8,683,381</b>	<b>3,957,505</b>	<b>9,070,763</b>	<b>2,788,346</b>
<b>Cash flow from/(used in) investing activities</b>				
Dividends received	45,962	11,521	-	-
Net investment in other financial assets - Held for trading	1,548,662	(5,408,012)	1,548,662	(5,408,012)
Sale of shares	-	-	-	-
Net increase in investment in financial assets - Held to maturity	(4,572,903)	(2,409,228)	(4,572,903)	(2,409,228)
Net increase in investment in financial assets - Available for sale	(1,074,325)	1,212,491	(1,016,554)	1,211,997
Net increase in debt securities	1,076,697	(1,253,130)	1,021,794	(1,243,986)
Net investment in real estates	-	-	9,848	42,704
Purchase of property & equipment	(110,139)	(174,954)	(142,853)	(182,509)
Purchase of intangible assets	(98,991)	(161,901)	(102,090)	(160,608)
Proceeds from sale of property, plant & equipment	13,544	12,255	13,544	12,255
<b>Net cash used in investing activities</b>	<b>(3,171,494)</b>	<b>(8,170,958)</b>	<b>(3,240,553)</b>	<b>(8,137,387)</b>
<b>Cash flow from/(used in) financing activities</b>				
Increase in borrowings	(6,269,373)	5,613,266	(6,978,157)	6,457,643
Dividend paid	(109,141)	(109,141)	(158,141)	(121,391)
<b>Net cash from/ (used in) financing activities</b>	<b>(6,378,513)</b>	<b>5,504,126</b>	<b>(7,136,298)</b>	<b>6,336,253</b>
<b>Net Increase/(decrease) in cash and cash equivalents</b>	<b>(866,627)</b>	<b>1,290,672</b>	<b>(1,306,088)</b>	<b>987,212</b>
Cash and cash equivalents at beginning of the year	5,225,473	5,190,479	6,039,341	5,470,816
<b>Cash and cash equivalents at end of the period</b>	<b>4,358,847</b>	<b>6,481,151</b>	<b>4,733,253</b>	<b>6,458,028</b>
<b>Reconciliation of cash and cash equivalents</b>				
Cash in hand and at banks	2,242,634	2,955,358	2,646,889	3,509,264
Reverse repurchased agreements	794,469	51,545	1,169,214	111,090
Placements with banks	1,371,722	3,480,385	1,366,896	3,480,385
Due to banks - Unfavorable balances with banks	(49,978)	(6,137)	(449,747)	(642,712)
	4,358,847	6,481,151	4,733,253	6,458,028

STATEMENT OF CASH FLOWS

Period ended 30 September 2018

Reconciliation of liabilities arising from financing activities

For the period ended 30 September 2018	Cash change		Non cash change	
	30 Sep 2018	- Cash flow	- Foreign exchange	1 Jan 2018
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>BANK</b>				
Due to banks	10,780,054	(6,343,236)	(85,351)	17,208,641
Other borrowed funds	1,286,845	62,033	-	1,224,812
Less : Unfavorable balances with banks	(49,978)	140,229	-	(190,207)
Less : Interest payable	(272,861)	(128,399)	-	(144,462)
	<b>11,744,060</b>	<b>(6,269,373)</b>	<b>(85,351)</b>	<b>18,098,784</b>
<b>GROUP</b>				
Due to banks	11,038,905	(6,174,472)	(85,351)	17,298,727
Other borrowed funds	2,573,046	(395,187)	-	2,968,233
Less : Unfavorable balances with banks	(449,747)	(263,679)	-	(186,068)
Less : Interest payable	(329,040)	(144,820)	-	(184,220)
	<b>12,833,164</b>	<b>(6,978,157)</b>	<b>(85,351)</b>	<b>19,896,672</b>
For the period ended 30 September 2017	Cash change		Non cash change	
	30 Sep 2017	- Cash flow	- Foreign exchange	1 Jan 2017
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>BANK</b>				
Due to banks	17,208,641	5,055,760	(7,363)	12,160,244
Other borrowed funds	1,224,812	1,224,812	-	-
Less : Unfavorable balances with banks	(6,137)	129,276	-	(135,413)
Less : Interest payable	(866,412)	(796,581)	-	(69,831)
	<b>17,560,904</b>	<b>5,613,266</b>	<b>(7,363)</b>	<b>11,955,000</b>
<b>GROUP</b>				
Due to banks	17,298,727	4,535,893	(7,363)	12,770,197
Other borrowed funds	2,968,233	2,135,138	-	833,095
Less : Unfavorable balances with banks	(642,712)	102,654	-	(745,366)
Less : Interest payable	(415,181)	(316,042)	-	(99,139)
	<b>19,209,067</b>	<b>6,457,643</b>	<b>(7,363)</b>	<b>12,758,787</b>

# INTERIM FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

As at 30 September 2018

### 1 LOANS AND RECEIVABLES TO OTHER CUSTOMERS

	BANK		GROUP	
	30.09.2018 Rs.'000	31.12.2017 Rs.'000 Audited	30.09.2018 Rs.'000	31.12.2017 Rs.'000 Audited
Gross loans and receivables (Note 1.1)	72,765,520	71,493,285	82,307,604	80,645,569
(Less): Individual impairment (Note 1.2)	(664,247)	(515,446)	(938,503)	(692,244)
Collective impairment (Note 1.2)	(454,600)	(399,916)	(837,233)	(732,369)
<b>Net loans and receivables</b>	<b>71,646,673</b>	<b>70,577,923</b>	<b>80,531,868</b>	<b>79,220,956</b>

#### 1.1 Loans and Receivables to Other Customers - By Product

Overdrafts	11,650,940	11,851,333	11,617,043	11,847,164
Trade finance	4,904,854	6,057,396	4,904,854	6,057,396
Pawning and gold loans	463,522	680,156	477,532	680,156
Staff loans	864,041	824,246	864,041	824,308
Term loans	39,288,048	38,168,530	40,971,723	39,799,490
Lease and hire purchase	1,336,445	1,614,104	7,331,209	7,170,123
Factoring	714,472	521,602	2,449,056	2,248,966
Credit cards	45,459	-	45,459	-
Others	-	-	148,948	242,048
<b>By Product - Local Currency</b>	<b>59,267,781</b>	<b>59,717,367</b>	<b>68,809,865</b>	<b>68,869,651</b>
Overdrafts	106,755	46,067	106,755	46,067
Trade finance	7,712,287	7,293,549	7,712,287	7,293,549
Term loans	5,678,697	4,436,302	5,678,697	4,436,302
<b>By Product - Foreign Currency</b>	<b>13,497,739</b>	<b>11,775,918</b>	<b>13,497,739</b>	<b>11,775,918</b>
<b>Total Loans and Receivables</b>	<b>72,765,520</b>	<b>71,493,285</b>	<b>82,307,604</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	159,026	211,977	255,184	237,231
Net (write-off)/write back during the period	(10,225)	-	(8,925)	(117,318)
Closing balance	664,247	515,446	938,503	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	54,936	36,952	105,116	140,232
Net write-off during the period	(252)	(4,773)	(252)	(8,781)
Closing balance	454,600	399,916	837,233	732,369
<b>Total Impairment Balance</b>	<b>1,118,847</b>	<b>915,362</b>	<b>1,775,736</b>	<b>1,424,613</b>

### 2 DUE TO OTHER CUSTOMERS

	BANK		GROUP	
	30.09.2018 Rs.'000	31.12.2017 Rs.'000 Audited	30.09.2018 Rs.'000	31.12.2017 Rs.'000 Audited
<b>Local Currency Deposits</b>				
Current accounts	3,509,626	3,080,342	3,509,442	3,080,171
Saving accounts	11,836,023	11,495,645	11,756,034	10,865,945
Fixed deposits	48,067,091	43,806,062	54,992,330	50,858,315
Certificate of Deposits	2,292,613	2,623,412	2,292,613	2,623,412
<b>Total</b>	<b>65,705,353</b>	<b>61,005,461</b>	<b>72,550,419</b>	<b>67,427,843</b>
<b>Foreign Currency Deposits</b>				
Current accounts	141,428	178,115	141,428	178,115
Saving accounts	1,875,801	1,555,768	1,875,801	1,555,768
Fixed deposits	8,420,128	7,586,251	8,420,128	7,586,251
<b>Total</b>	<b>10,437,357</b>	<b>9,320,134</b>	<b>10,437,357</b>	<b>9,320,134</b>
<b>Total Deposits</b>	<b>76,142,710</b>	<b>70,325,594</b>	<b>82,987,776</b>	<b>76,747,977</b>

- 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 other than stated below;
- 6.1 Mr. Keshav Janak Thakkar was appointed as the alternate to Mr. Puneet Bhatia Non-Executive, Non-Independent Director of the Bank, with effect from 24th May 2018.

7 Information on Ordinary Shares

<b>Market Value</b>	<b>30.09.2018</b>	<b>30.09.2017</b>
	<b>Rs.</b>	<b>Rs.</b>
Last traded price	10.80	13.30
Highest price for the quarter	12.90	15.40
Lowest price for the quarter	10.80	13.30

## SEGMENTAL ANALYSIS - GROUP

For the nine months ended 30 September

	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 30 September</b>												
Interest Income	2,802,276	2,462,696	1,899,516	1,785,088	2,507,196	2,118,363	1,470,816	1,088,345	1,728,911	1,409,531	10,408,716	8,864,023
Add: Inter-Segment Interest Income	-	-	442,274	-	-	-	2,257,471	2,731,686	-	-	2,699,745	2,731,686
<b>Total Interest Income</b>	2,802,276	2,462,696	2,341,790	1,785,088	2,507,196	2,118,363	3,728,287	3,820,032	1,728,911	1,409,531	13,108,460	11,595,710
Less: Interest Expense	792,001	659,252	1,268,442	779,892	747,845	817,680	3,369,143	3,067,607	889,349	750,201	7,066,779	6,074,633
Less: Inter-Segment Interest Expense	1,515,870	1,317,746	-	499,888	1,183,875	914,053	-	-	-	-	2,699,745	2,731,686
<b>Net Interest Income</b>	494,406	485,698	1,073,348	505,308	575,477	386,630	359,144	752,424	839,562	659,330	3,341,937	2,789,390
Other Income	149,948	126,054	579,758	447,620	327,902	256,660	166,986	132,211	103,823	293,958	1,328,417	1,256,503
<b>Total Net Income</b>	644,353	611,752	1,653,106	952,928	903,378	643,290	526,130	884,635	943,385	953,288	4,670,354	4,045,893
Less: Expenses including impairments	325,241	402,294	253,474	407,786	986,915	966,324	1,472,874	890,815	542,170	548,597	3,580,674	3,215,816
<b>Segmental Results</b>	319,112	209,457	1,399,632	545,141	(83,537)	(323,034)	(946,744)	(6,180)	401,216	404,691	1,089,680	830,077
Less: VAT and NBT on Financial Services											364,466	270,102
Less: Taxation											278,781	149,809
<b>Profit after Taxation</b>											446,433	410,166
<b>Cash flow from operating activities</b>	1,501,265	784,295	3,851,535	1,221,699	2,104,761	824,729	1,225,819	1,134,145	387,382	(1,169,159)	9,070,763	2,795,709
<b>Cash flow from investing activities</b>	(33,815)	(64,209)	(3,062,660)	(7,946,378)	(47,408)	(67,520)	(27,611)	(92,851)	(69,059)	33,571	(3,240,553)	(8,137,387)
<b>Cash flow from financing activities</b>	-	-	(6,378,513)	5,496,762	-	-	-	-	(757,785)	832,128	(7,136,298)	6,328,891
<b>As at 30 September</b>												
<b>Other Information</b>												
Segment Assets	34,035,398	32,345,779	32,472,745	35,473,120	22,712,425	26,505,139	13,877,363	17,630,870	23,431,648	8,296,048	126,529,579	120,250,955
Unallocated											4,644,882	4,397,440
<b>Consolidated Total Assets</b>											131,174,461	124,648,395
Segment Liabilities	14,363,992	13,881,206	26,376,926	33,211,480	10,840,887	9,897,469	48,709,869	42,091,436	10,930,998	4,981,646	111,222,672	104,063,237
Unallocated											2,053,049	2,905,276
<b>Consolidated Total Liabilities</b>											113,275,721	106,968,513

# INTERIM FINANCIAL STATEMENTS

## INFORMATION ON ORDINARY SHARES OF THE BANK

As at 30th September 2018

### TOP 20 SHAREHOLDERS

Name	No. of shares as at 30.09.2018	% 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	24,186,433	2.22%
5 Dr. T. Senthilvel	21,430,977	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 Softlogic Life Insurance PLC – A/C 05 (Non Participating 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	2,835,115	0.26%
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%
	<b>998,199,048</b>	<b>91.46%</b>
Other shareholders	93,207,201	8.54%
<b>Total</b>	<b>1,091,406,249</b>	<b>100.00%</b>

### As at 30 September 2018

Number of shares in public holding	327,267,075
Number of public shareholders	31,279
Percentage of public holding	29.99%
Market capitalisation (Rs.)	11,787,187,489
Float adjusted market capitalisation	3,534,482,466
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 30.09.2018
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 (Alternate Director Mr. Keshav Thakkar)	None
Mr. Michael J. O'Hanlon	None
Mr. Indrajit Wickramasinghe	None
Mr. Yudhishtan Kanagasabai	None
Mr. Trevine Fernandopulle	None
Ms. Dilshani Wijayawardana	None
Ms. Yoke Sun Woon (alternate to Ms. Sow Lin Chiew)	None
Mr. Keshav Thakkar (alternate to Mr. Puneet Bhatia)	None

The Minimum Public Holding of Union Bank of Colombo PLC as at 30th September 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 September 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	-	-	2,242,634	-	-	-	2,242,634
Balances with Central Bank of Sri Lanka	-	-	4,159,843	-	-	-	4,159,843
Placements with banks	-	-	1,372,047	-	-	-	1,372,047
Reverse repurchased agreements	-	-	795,026	-	-	-	795,026
Derivative financial instruments	66,232	-	-	-	-	-	66,232
Financial investments – held for trading	4,450,800	-	-	-	-	-	4,450,800
Financial investments designated at fair value through profit or loss	-	-	-	-	-	-	-
Loans and receivables to other customers	-	-	71,646,673	-	-	-	71,646,673
Other loans and receivables	-	-	8,566,913	-	-	-	8,566,913
Financial investments – available for sale	-	-	-	17,079,139	-	-	17,079,139
Financial investments – held to maturity	-	7,164,664	-	-	-	-	7,164,664
Other financial assets	-	-	-	461,673	-	-	461,673
<b>Total financial assets</b>	<b>4,517,032</b>	<b>7,164,664</b>	<b>88,783,136</b>	<b>17,540,812</b>	<b>-</b>	<b>-</b>	<b>118,005,644</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	-	10,780,054	-	-	10,780,054
Derivative financial instruments	108,103	-	-	-	108,103
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-
Repurchased agreements	-	14,649,922	-	-	14,649,922
Due to other customers	-	76,142,710	-	-	76,142,710
Other borrowed funds	-	1,286,845	-	-	1,286,845
Debt securities issued	-	-	-	-	-
Subordinated term debts	-	-	-	-	-
Other financial liabilities	-	781,666	-	-	781,666
<b>Total financial liabilities</b>	<b>108,103</b>	<b>103,641,197</b>	<b>-</b>	<b>-</b>	<b>103,749,300</b>

**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
<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>



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

As at 30 September 2018

**MEASUREMENT OF FINANCIAL INSTRUMENTS**

**a. Group - 30 September 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	-	-	2,646,889	-	-	-	2,646,889
Balances with Central Bank of Sri Lanka	-	-	4,159,843	-	-	-	4,159,843
Placements with banks	-	-	1,368,564	-	-	-	1,368,564
Reverse repurchased agreements	-	-	1,169,772	-	-	-	1,169,772
Derivative financial instruments	66,232	-	-	-	-	-	66,232
Financial investments – held for trading	4,450,800	-	-	-	-	-	4,450,800
Financial investments designated at fair value through profit or loss	-	-	-	-	-	-	-
Loans and receivables to banks	-	-	-	-	-	-	-
Loans and receivables to other customers	-	-	80,531,868	-	-	-	80,531,868
Other loans and receivables	-	-	7,646,611	-	-	-	7,646,611
Financial investments – available for sale	-	-	-	17,160,629	-	-	17,160,629
Financial investments – held to maturity	-	7,164,664	-	-	-	-	7,164,664
Other financial assets	-	-	461,673	-	-	-	461,673
<b>Total financial assets</b>	<b>4,517,032</b>	<b>7,164,664</b>	<b>97,985,221</b>	<b>17,160,629</b>	<b>-</b>	<b>-</b>	<b>126,827,545</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	-	11,038,905	-	-	11,038,905
Derivative financial instruments	108,103	-	-	-	108,103
Financial liabilities designated at fair value through profit or loss	-	-	-	-	-
Repurchased agreements	-	14,514,842	-	-	14,514,842
Due to other customers	-	82,987,776	-	-	82,987,776
Other borrowed funds	-	2,573,046	-	-	2,573,046
Debt securities issued	-	-	-	-	-
Subordinated term debts	-	-	-	-	-
Other financial liabilities	-	781,666	-	-	781,666
<b>Total financial liabilities</b>	<b>108,103</b>	<b>111,896,235</b>	<b>-</b>	<b>-</b>	<b>112,004,338</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	
	30 Sep 2018	31 Dec 2017	30 Sep 2018	31 Dec 2017
<b>Regulatory Capital - Rs '000</b>				
Common Equity Tier 1 (Basel III)	15,202,621	15,357,209	16,454,305	16,332,655
Tier 1 Capital /Core Capital (Basel III)	15,202,621	15,357,209	16,454,305	16,332,655
Total Capital /Total Capital Base (Basel III)	15,202,621	15,357,209	16,454,305	16,332,655
<b>Regulatory Capital Ratios (%)</b>				
Common Equity Tier 1 Capital Ratio (Minimum Requirement as per Basel III 2018 - 6.375%, 2017 -5.75% )	17.56%	18.85%	17.46%	18.09%
Tier 1 Capital Ratio (Minimum Requirement as per Basel III 2018 - 7.875%, 2017- 7.25%)	17.56%	18.85%	17.46%	18.09%
Total Capital Ratio (Minimum Requirement as per Basel III 2018- 11.875%, 2017- 11.25%)	17.56%	18.85%	17.46%	18.09%
<b>Regulatory Liquidity</b>				
Statutory Liquid Assets				
Domestic Banking Unit, Rs. '000	17,437,820	16,953,184		
Foreign Currency Banking Unit, USD '000	13,638	12,168		
Statutory Liquid Assets Ratio, % (Minimum Requirement, 20%)				
Domestic Banking Unit	21.64%	21.27%		
Foreign Currency Banking Unit	20.99%	21.13%		
Liquidity Coverage Ratio (%), Rupee (Minimum Requirement - 80%)	302.43%	160.14%		
Liquidity Coverage Ratio (%), All Currency (Minimum Requirement - 80%)	126.07%	83.02%		
<b>Assets Quality (Quality of Loan Portfolio)</b>				
Gross Non-Performing Advances Ratio, % (Net of interest in suspense)	3.57%	2.69%		
Net Non-Performing Advances,% (Net of interest in suspense and provision)	2.39%	1.76%		
<b>Profitability</b>				
Interest Margin, %	3.01%	2.87%		
Return on Assets (Before Tax), %	0.66%	0.50%		
Return on Assets (After Tax), %	0.43%	0.43%		
Return on Equity (After Tax), %	2.91%	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](mailto:ubc@unionb.com)

Web Address: [www.unionb.com](http://www.unionb.com)

**Auditors**

M/s. Ernst & Young

Chartered Accountants,

No. 201, De Saram Place,

Colombo 10.