



Investor Presentation

March 2020

Vision

Vision:

“Our Vision is to be the innovator of Banking Solutions to the wider Corporate, SME and Retail Segments and to be their Bank of choice, through professional and empowered people”.

Mission:

- *To our customers we provide the means of economic up-liftment through customized banking and financial services.*
- *To our shareholders we provide a return on their investment above industry norm.*
- *To our staff we are a learning and innovative organization providing opportunities for faster career progression within a pleasant work environment.*
- *We adhere to the practice of good Corporate Governance in the eyes of the regulatory authorities.*
- *We are conscious of the need to be a responsible corporate citizen for the betterment of our society.*



CEO's message



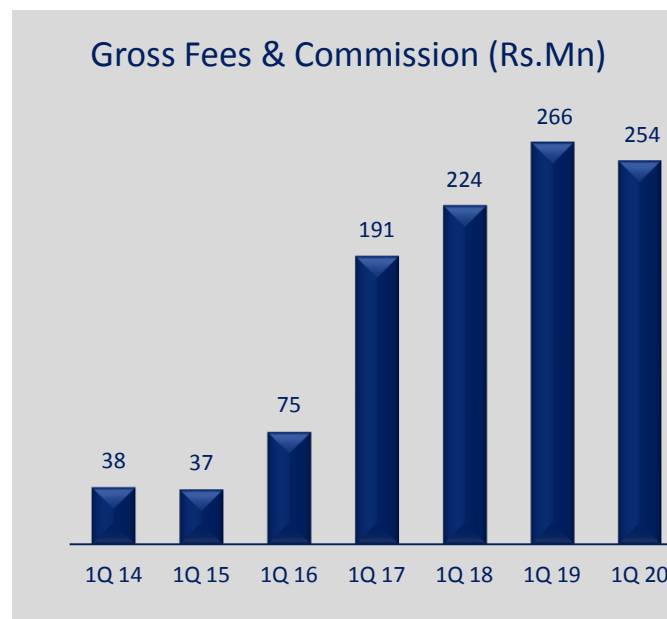
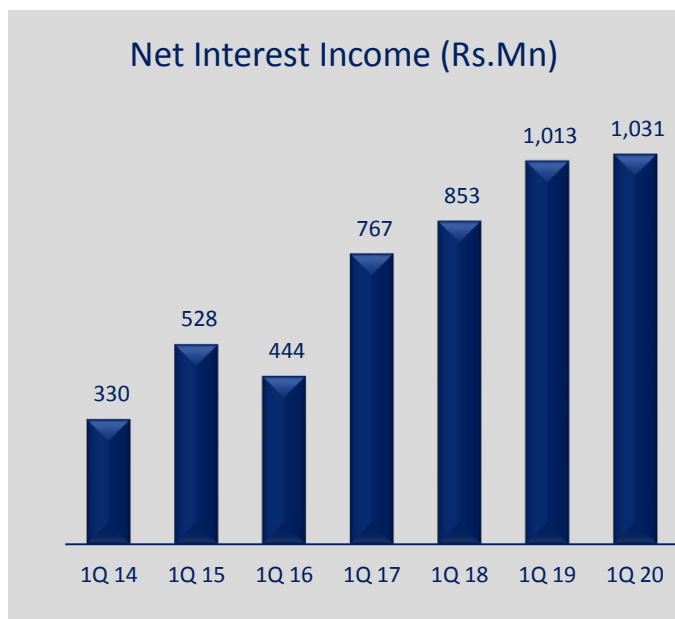
“We are currently operating in unprecedented conditions and are making every effort to provide our customers optimum solutions and financial support during these difficult times. The safety of our customers and staff is a top priority and we have made necessary arrangements at our work premises to ensure that stringent levels of hygiene and safety are practiced. We are also doing our utmost to engage with customers and support their financial revival through the relief package in line with CBSL guidelines. The Bank has withstood a challenging 1st quarter, and the results have been impacted by the economic trials of the health crisis which began its effects from mid-March and is expected to bear a ripple effect on the banking sector as well as the business community in the coming months. We will continue to support customers across Retail, SME and Corporate segments to roll out the special financial relief scheme during the next few months while ensuring sound liquidity management within the Bank”.

UBC recorded significant increase of 71% in Profit After Taxes

Income Statement (Rs.Mn)	1Q 2020	1Q 2019	Growth (%)
Net Interest Income	1,031	1,013	1.7%
Net Fee & Commission Income	201	219	-8.3%
Net Trading & Other Operating Income	267	136	96.3%
Total Operating Income	1,498	1,368	9.5%
Impairment Charge	93	51	80.8%
Total Operating Expenses	1,001	955	4.8%
Results from Operating Activities	405	362	11.7%
Share of Subsidiary Profits	0	4	-89.8%
Profit Before all Taxes	405	366	10.7%
Taxes (including VAT & NBT, DRL)	225	261	-13.6%
Net profit for the period	180	105	70.9%

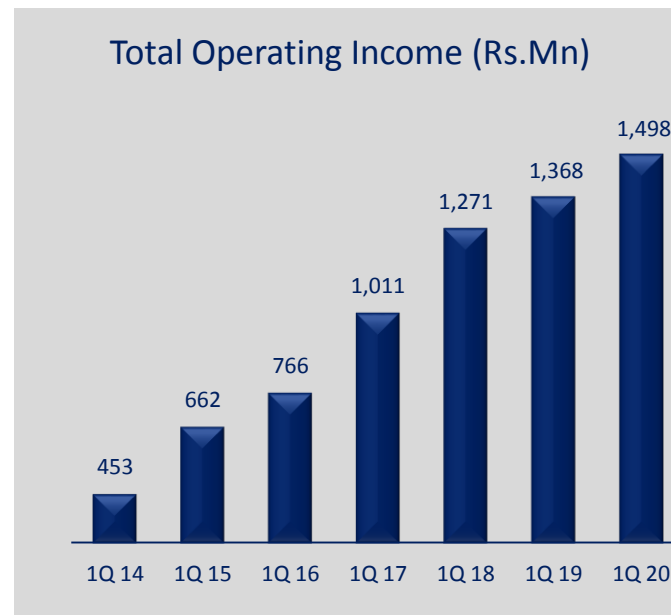
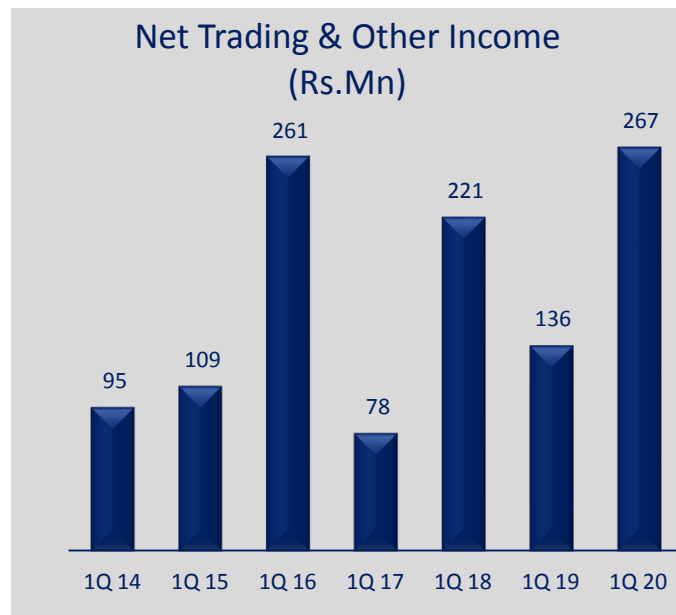
- *Continuing its growth momentum, the Bank recorded strong core banking performance during the first two months of the year. However, the core banking growth compressed since mid-March up until the end of the first quarter, owing to unprecedented economic impacts of the ongoing global health pandemic.*
- *The Bank's focused cost optimisation and portfolio management helped to offset some of the impacts due to the weak economic performance.*
- *Adequate impairment has been provided to meet future possible losses considering the economic uncertainty.*
- *Increased liquidity buffers have been built up with strong deposit growth*
- *The profit before taxes increased by 10.7% YoY. The profit after taxes increased by 71.9% with the abolishment of certain taxes effective from January 2020.*

NII increased to Rs. 1,031Mn



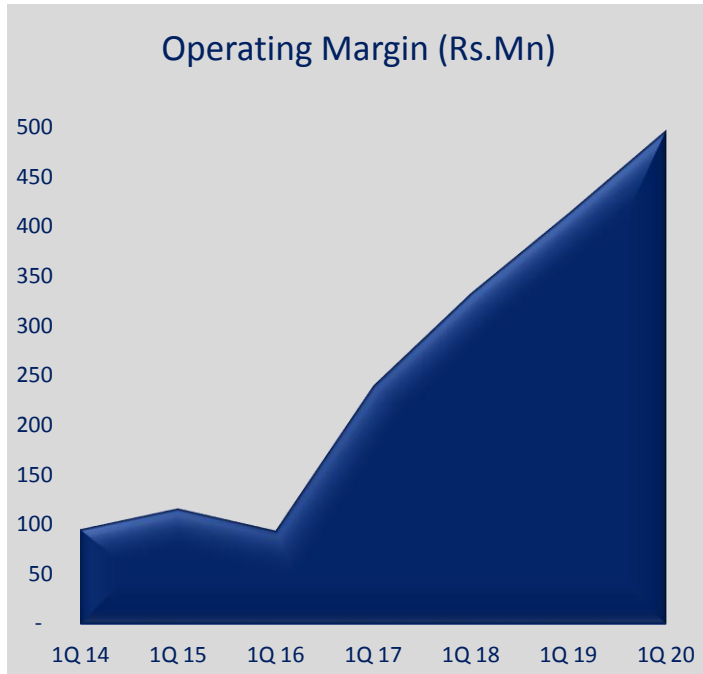
- *Net Interest Income (NII) of the Bank was affected by low credit growth and the pressure on lending rate caps introduced by the Central Bank of Sri Lanka (CBSL).*
- *NII increased by 2% YoY to Rs.1,031 Mn. The effective fund management strategies coupled with timely re-pricing of assets and liabilities contributed towards sustaining NII amidst challenges.*
- *Fee and commission income declined by 8% YoY to Rs. 201 Mn due to the;*
 - *drop in demand for fee based activities across credit related product lines and mainly due to the reduction in the import and export business lines.*
 - *Fee income from credit cards increased due to focused acquisition on this product which helped compensate for the drop in other fee based income.*

YoY strong performance in Total Operating Income

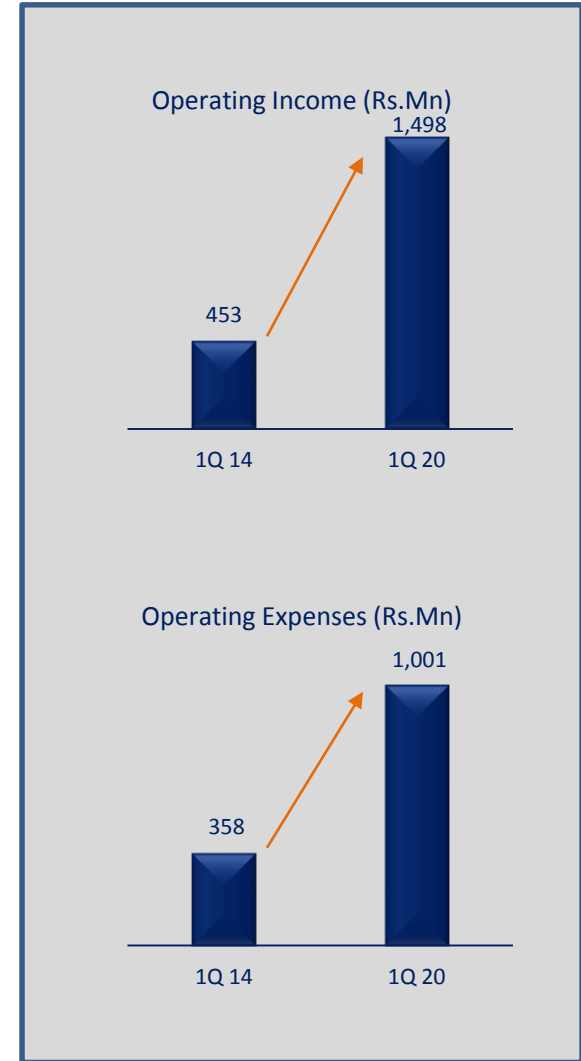


- The Bank's Treasury recorded a notable performance with a significant YoY increase of capital gains to Rs.119 Mn due to the favourable movements of interest rates.
- Income from investments in units remained flat at Rs. 70Mn.
- Other Operating Income of the Bank increased significantly with the strong forex income.
- The bank has no exposure to an equity portfolio
- Consistent increase in total operating income resulting in a 10% YoY growth.

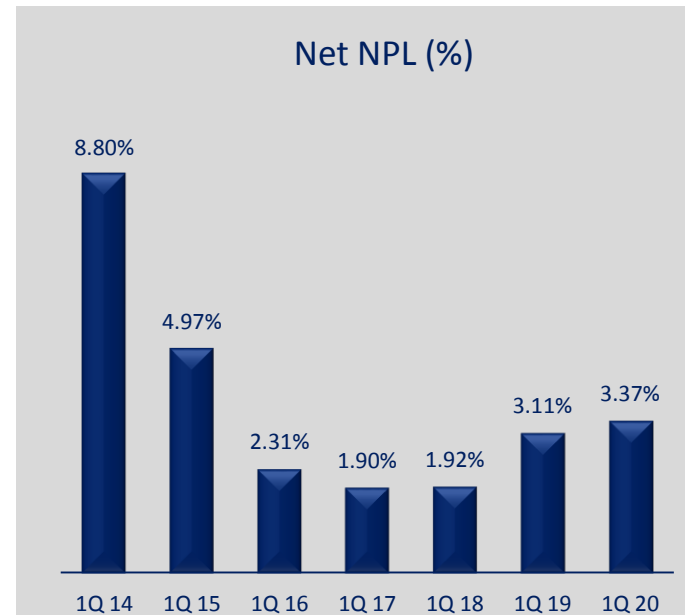
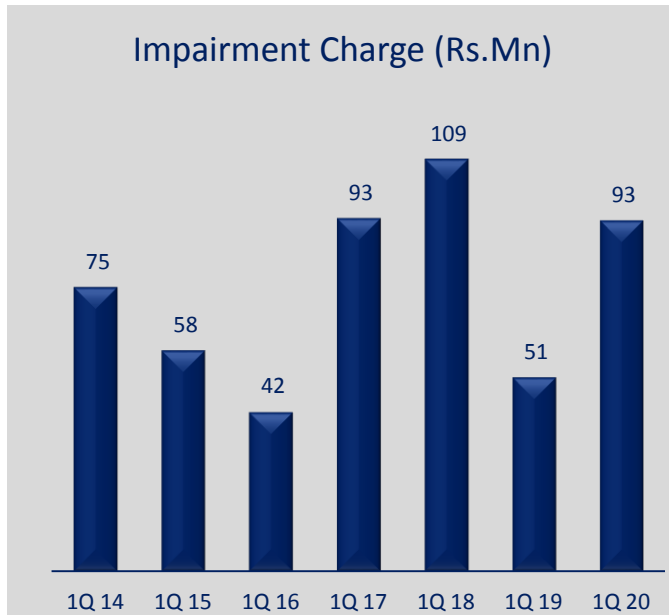
Operating margin increased by 20%



- *Operating Margin of the Bank were Rs. 498 Mn for the period and indicated a growth of 20% YoY.*
- *Total Operating Income of the Bank continued to rise, reporting Rs.1,498 Mn a increase of 10% YoY. As a result of focused efforts for enhancing operational efficiency, the Operating Expenses of the Bank increased only by 5% YoY to Rs. 1,001 Mn within the period under review.*



Net NPL ratio is 3.37%

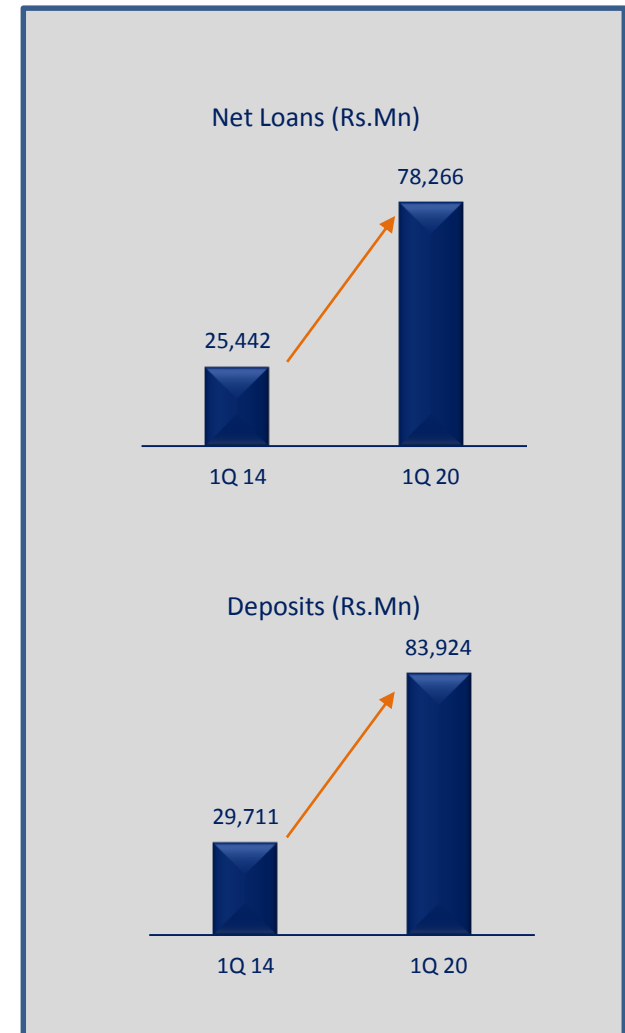


- *Stressed economic conditions that prevailed within the reporting period which intensified by mid-March, affected business cash flows across the country.*
- *Accordingly, adequate impairment has been provided to meet the future possible losses considering the economic uncertainty, which resulted in increase of 81% YoY to Rs.93 Mn.*
- *Net NPL ratio improved to 3.37%. from 3.55% in December 2019.*

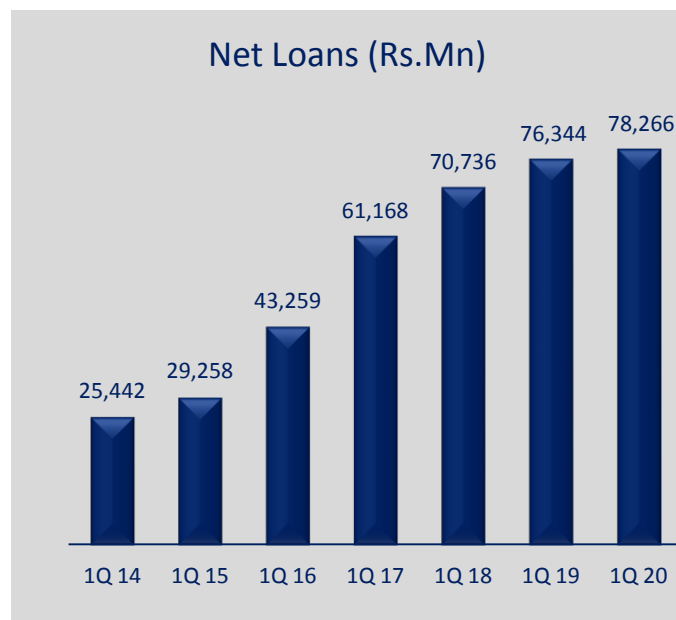
Bank - Balance Sheet

Balance Sheet (Rs.Mn)	1Q 2020	4Q 2019	Growth (%)
Treasury Assets	43,215	34,700	24.5%
Loans & Advances	78,266	77,358	1.2%
Cash & Balances with CB	5,098	5,033	1.3%
Other Assets	4,617	4,662	-1.0%
Total Assets	131,196	121,754	7.8%
Borrowings	27,115	24,838	9.2%
Customer Deposits	83,924	76,532	9.7%
Other Liabilities	2,557	2,873	-11.0%
Equity	17,600	17,510	0.5%
Total Equity & Liability	131,196	121,754	7.8%

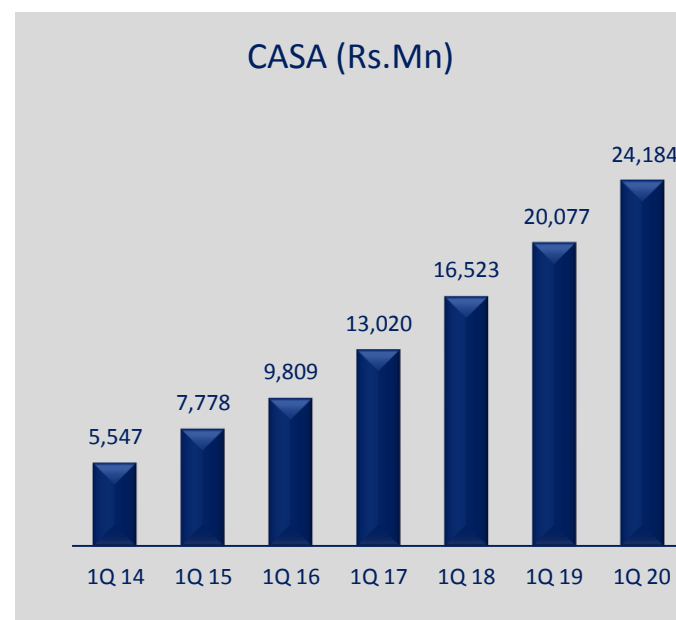
- *Total assets of the Bank increased by 8% YTD.*
- *The Bank's deposit base increased by 10% to Rs.83,924Mn.*
 - *Exceptional CASA growth was supported through focused acquisition strategy which resulted to improved CASA ratio to 28.8% from 25.2% in December 2019.*
- *The bank continues to be one of the highest capitalized banks and maintains a robust capital adequacy ratio, reporting a total capital ratio of 15.8% as against the regulatory capital ratio of 12%.*
- *The Bank currently maintains strong liquidity ratios and it plans to maintain high liquidity levels through out this year and until the country situation returns to normal.*



YoY strong CASA growth of 20%



- Due to the low credit growth and the macro economic challenges, YTD Net Loans grew by 3% .
- Key focus was placed mainly on portfolio realignment rather than the growth.

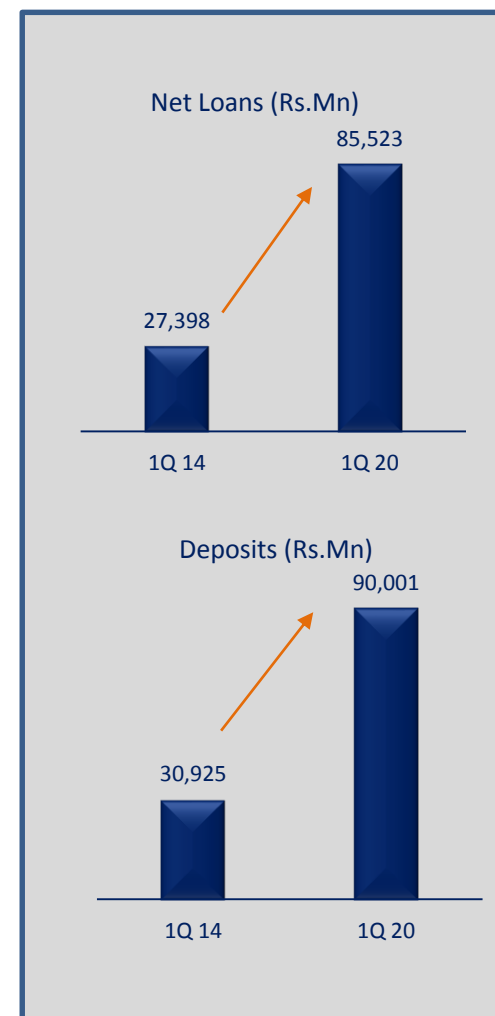


- Total EOP CASA grew to Rs.24,184 Mn which reflected a growth of 20% YoY
- Efforts of sustaining a healthy CASA inflow was supported through focused acquisition strategies driven by retail, corporate and SME banking segments.

Group's Profit After Taxes increased by 63% YoY

Income Statement (Rs.Mn)	1Q 2020	1Q 2019	Growth (%)
Net Interest Income	1,188	1,219	-2.6%
Net Fee & Commission Income	226	246	-8.5%
Net Trading & Other Operating Inco	288	140	105.7%
Total Operating Income	1,701	1,605	6.0%
Impairment Charge	136	107	27.1%
Total Operating Expenses	1,122	1,097	2.3%
Profit Before all Taxes	443	401	10.3%
Taxes (including VAT & NBT, DRL)	248	282	-12.0%
Net profit for the period	195	119	63.4%

Balance Sheet (Rs.Mn)	1Q 2020	1Q 2019	Growth (%)
Treasury Assets	43,128	34,567	24.8%
Loans & Advances	85,523	84,780	0.9%
Cash & Balances with CB	5,548	5,419	2.4%
Other Assets	5,623	5,074	10.8%
Total Assets	139,821	129,840	7.7%
Borrowings	28,558	26,237	8.8%
Customer Deposits	90,001	82,752	8.8%
Other Liabilities	3,945	3,653	
Equity	17,318	17,199	0.7%
Total Equity & Liability	139,821	129,840	7.7%



Key Performance Indicators

Item	BANK		GROUP	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
Regulatory Capital - Rs '000				
Common Equity Tier 1 (Basel III)	15,174,914	15,286,211	15,725,245	15,810,228
Tier 1 Capital / Core Capital (Basel III)	15,174,914	15,286,211	15,725,245	15,810,228
Total Capital / Total Capital Base (Basel III)	15,299,067	15,413,097	16,247,772	16,050,219
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement as per Basel III 2020 - 6.5%, 2019 - 7%)	15.69%	16.61%	15.01%	16.12%
Tier 1 Capital Ratio (Minimum Requirement as per Basel III 2020 - 8%, 2019 - 8.5%)	15.69%	16.61%	15.01%	16.12%
Total Capital Ratio (Minimum Requirement as per Basel III 2020 - 12%, 2019 - 12.5%)	15.81%	16.75%	15.50%	16.36%
Leverage Ratio (Minimum Requirement - 3%)	10.02%	10.64%	10.00%	10.36%
Regulatory Liquidity				
Statutory Liquid Assets				
Domestic Banking Unit, Rs. '000	20,892,693	19,095,889		
Foreign Currency Banking Unit, USD '000	14,008	13,587		
Statutory Liquid Assets Ratio, % (Minimum Requirement, 20%)				
Domestic Banking Unit	24.23%	22.95%		
Foreign Currency Banking Unit	21.91%	21.95%		
Liquidity Coverage Ratio (%), Rupee (Minimum Requirement - 100%)	185.55%	225.57%		
Liquidity Coverage Ratio (%), All Currency (Minimum Requirement - 100%)	123.47%	154.70%		
Net Stable Funding Ratio (%) (Minimum Requirement - 100%)	113.50%	113.08%		
Assets Quality (Quality of Loan Portfolio)				
Gross Non-Performing Advances Ratio, % (Net of interest in suspense)	5.11%	5.03%		
Net Non-Performing Advances, % (Net of interest in suspense and provision)	3.37%	3.55%		
Profitability				
Interest Margin, %	3.26%	3.62%		
Return on Assets (Before Tax), %	0.91%	0.96%		
Return on Assets (After Tax), %	0.57%	0.57%		
Return on Equity (After Tax), %	4.10%	4.16%		

Corporate Information

Board of Directors

Name	Title
Atul Malik	Chairman/Non-Ind. Non-Exec. Director
Priyantha Fernando	Deputy Chairman/ Ind. Non Exec. Director
Indrajit Wickramasinghe	Exec. Director/CEO
Sabry Ghouse	Independent, Non Executive Director
Gaurav Trehan	Non Independent, Non Executive Director
Puneet Bhatia	Non Independent, Non Executive Director
Michael J. O'Hanlon	Non Independent, Non Executive Director
Trevine Fernandopulle	Independent, Non Executive Director
Dilshani Wijayawardana	Independent, Non Executive Director
Sarath Wikramanayake	Independent, Non Executive Director
Sanjeev Mehra	Alternate Director to Puneet Bhatia

Leadership Team

Name	Title
Indrajit Wickramasinghe	Director/ Chief Executive Officer
Wije Dambawinne	Vice President - Head of Treasury
Hiranthi de Silva	Vice President - Wholesale Banking
Sri Ganendran	Vice President – Operations
Ravi Jayasekera	Vice President - Human Resources
Chaya Jayawardane	Vice President - Retail Banking
Inoka Jayawardhana	Vice President Head of Legal and Company Secretary
Nisala Kodippili	Chief Information Officer
Asanka Ranhotty	Vice President -SME & Transaction Banking
Suhen Vanigasooriya	Chief Risk Officer

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 in 2011.

A Licensed Commercial Bank under the Banking Act No. 30 of 1988.

Credit Ratings

ICRA : (SL) BBB Stable
Fitch : BBB- (lka) Stable

Date of Incorporation

February 2nd, 1995

Auditors

Ernst & Young
Chartered Accountants,
No. 201, De Saram Place
Colombo 10