



# INTERIM FINANCIAL STATEMENTS

For the period ended 31 March 2016



**Union Bank continues strong growth with excellent performance in 1Q2016****Results at a Glance****Group Performance**

Net Profit grows 276% Year on Year (YoY) to Rs.142.5Mn

Operating Income grows 27% YoY to 1,018Mn

**Bank's Performance**

Net Profit grows 220 % YoY to Rs.80Mn

Operating income grows 16% YoY to Rs. 766 Mn

Further improvement in asset quality with Net NPA dropping to 2.3%

Loans and advances grow 7.8% Quarter on Quarter (QoQ) to Rs. 43,829Mn

Customer Deposits grow 13% QoQ to Rs. 42,598Mn

Total Assets of the Bank increase by 6.5 % QoQ to Rs. 75,820Mn

Union Bank of Colombo PLC (The Bank) and its subsidiaries UB Finance Co. Ltd. and National Assets Management Ltd. (The Group) ended the first three months of 2016 with an impressive performance, reflecting a continued growth momentum with forward looking expectations.

**Core Banking Growth and Profitability**

The Bank's post tax profit for the quarter is Rs. 80.4Mn, a 220% increase year on year (YoY). Total operating income of the Bank grew by 16% YoY to Rs.766Mn. Net interest income (NII) of Rs. 443.8Mn recorded a 16% reduction over the comparative period ended 31<sup>st</sup> March 2015 due to a higher investment made in Unit Trusts of which the return is reflected in net trading income along with the narrowing margins.

Profitability was strengthened by much improved net fee and commission income, net gains from trading as well as other operating income. The Bank's net fee and commission income stood at Rs. 61.7Mn at the end of Q1 2016, an increase of 146% over the comparative period with fee income from business lending, cards and trade transactions being the primary contributors of the said impressive growth. Net gains from trading led by investments in unit income recorded a growth of Rs. 115.3Mn YoY. The Bank does not have any exposure to the equity market.

Impairment charges have declined by Rs. 55.8Mn YoY, a 96% reduction owing to stringent management of recoveries. Net NPL ratio of the Bank has improved to 2.3% as at the end of Q1 2016.

The Bank's total operating expenses increased by 23% to Rs. 672Mn due to the investments in staff and technology in keeping with the strategic plans. Corresponding to the above investments, the cost to income ratio of the Bank increased to 88% over 83% of the comparative period.

The Bank remains well capitalized within the minimum regulatory requirements, with Tier 1 Ratio of 24.9% and Tier 2 Ratio of 24.5%.

The Bank's balance sheet expanded by 7% during the three months' period to reach Rs. 75,823Mn in comparison to 31<sup>st</sup> December 2015. Loans and advances grew by 7.8% to Rs. 43,259Mn while the customer deposits reflected a growth of 13% to Rs. 42,598Mn.

The Group's post tax profit for the quarter was Rs. 142.5Mn in comparison to Rs. 37.8Mn, an impressive growth of 276% YoY. The total assets of the Group grew by 7% during the three months' period to reach Rs. 82,078Mn, while the customer deposits reflected a growth of 12% amounting to Rs. 46,633Mn.

### **Operational Performance**

The continuously improving financial performance of the Bank, endorses UBC's renewed strategic focus as a fully-fledged commercial bank serving a diverse clientele including Retail, SME and Corporate segments.

The impressive results further reveal the success of the expansion initiatives implemented by UBC, following the land mark investment from TPG - one of the largest global private investment firms. In line with the Bank's mandate to deliver greater banking convenience to customers, within the period under review UBC relocated its Galle branch to a more a central and convenient location; unveiling a new look and offering a redefined banking experience to customers. Delivering further convenience and ease of access, UBC has expanded its off-site ATM network to 45 ATMs by the end of the 1<sup>st</sup> quarter of 2016 increasing its overall ATM network to 110. UBC's island-wide expansion plans will continue to support the Bank's business growth with strategic expansion of its island-wide network of branches while adding to customer convenience by sizing up its network of off-site ATMs in strategic locations.

Adding further value to the banking experience of its clients and encouraging individuals to save for the future, the Bank introduced a special promotion themed 'Union Bank Kalin Avurudu' in February 2016. The early Avurudu Promotion offered exciting gifts for savings and 01 year Fixed Deposits and was valid for a period of 2 months giving customers the opportunity and flexibility to save in slabs and collect gifts. A range of valuable gifts were on offer encouraging individuals to save. The promotion was supported through marketing communications as well as on-site promotions conducted around the island, and received an overwhelming response, leading to its success.

Marking a milestone in the Bank's brand repositioning journey, UBC was conferred the prestigious award for Excellence in Branding in the Banking, Financial Services and Insurance sector at the Global Excellence Awards 2016 held in Kuala Lumpur, Malaysia. The award acknowledged the great strides

made by Union Bank brand within the Banking industry of Sri Lanka, subsequent to the repositioning of the brand as a fully-fledged commercial bank in 2015.

Commenting on the performance of the Bank, Director/Chief Executive Officer of Union Bank Mr. Indrajit Wickramasinghe stated “We are off to a good start in 2016, and the Bank’s 1<sup>st</sup> quarter performance signifies the Bank’s capacity to reach the ambitious growth projected for the remainder of 2016. With the backing of a strong capital base and a focused strategic business plan; UBC is well geared to take on the challenges and opportunities of the market.”

-Ends-

Union Bank of Colombo PLC

STATEMENT OF PROFIT OR LOSS

Period ended 31 March 2016

	BANK			GROUP		
	For the three months ended			For the three months ended		
	31.03.2016	31.03.2015	Change	31.03.2016	31.03.2015	Change
	Rs.000	Rs.000	%	Rs.000	Rs.000	%
Interest income	1,353,466	958,009	41	1,629,864	1,140,545	43
Less: Interest expenses	909,632	430,074	112	1,058,798	525,631	101
<b>Net interest income</b>	<b>443,834</b>	<b>527,935</b>	<b>(16)</b>	<b>571,066</b>	<b>614,914</b>	<b>(7)</b>
Fee and commission income	74,894	36,562	105	123,129	77,133	60
Less: Fee and commission expenses	13,164	11,441	15	18,010	14,731	22
<b>Net fee and commission income</b>	<b>61,730</b>	<b>25,122</b>	<b>146</b>	<b>105,119</b>	<b>62,402</b>	<b>68</b>
Net gain from trading	145,357	26,364	451	145,357	26,364	451
Other operating income (net)	115,534	83,077	39	196,477	97,725	101
<b>Total operating income</b>	<b>766,455</b>	<b>662,497</b>	<b>16</b>	<b>1,018,019</b>	<b>801,405</b>	<b>27</b>
Less: Impairment for Loans & Other losses						
Individual Impairment	5,889	13,029	(55)	28,917	39,221	26
Collective Impairment	(3,279)	45,423	(107)	98	39,700	(100)
<b>Net operating income</b>	<b>763,845</b>	<b>604,045</b>	<b>26</b>	<b>989,004</b>	<b>722,484</b>	<b>37</b>
Less: Personnel Expenses	306,470	232,792	32	361,896	272,728	33
Depreciation & Amortisation	91,770	77,343	19	99,181	83,561	19
Other expenses	274,200	235,988	16	338,483	280,249	21
<b>Operating profit before value added tax (VAT) and national building tax (NBT) on financial services</b>	<b>91,405</b>	<b>57,922</b>	<b>58</b>	<b>189,444</b>	<b>85,946</b>	<b>120</b>
Less: VAT and NBT on financial services	41,273	23,754	74	53,263	28,036	90
<b>Profit before tax</b>	<b>50,132</b>	<b>34,169</b>	<b>47</b>	<b>136,180</b>	<b>57,910</b>	<b>135</b>
Less: Tax expenses	(30,255)	9,073	(433)	(6,351)	20,031	(132)
<b>Profit for the period</b>	<b>80,386</b>	<b>25,096</b>	<b>220</b>	<b>142,532</b>	<b>37,878</b>	<b>276</b>
<b>Profit Attributable to:</b>						
Owners of the parent	80,386	25,096	220	117,391	31,813	269
Non-controlling interest	-	-		25,141	6,065	315
	<b>80,386</b>	<b>25,096</b>	<b>220</b>	<b>142,532</b>	<b>37,878</b>	<b>276</b>
<b>Earnings per share on profit</b>						
Earnings per share - Basic				0.11	0.03	259
Earnings per share - Diluted				0.10	0.02	410

## STATEMENT OF COMPREHENSIVE INCOME

Period ended 31 March 2016

	BANK			GROUP		
	For the three months ended			For the three months ended		
	31.03.2016	31.03.2015	Change	31.03.2016	31.03.2015	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
<b>Profit for the period</b>	80,386	25,096	220	142,532	37,878	276
<b>Other comprehensive income/(expenses)</b>						
<i>Other comprehensive income to be reclassified to profit or loss:</i>						
Gains and losses on re-measuring available for sale financial assets	(385,183)	(1,627)	(23579)	(396,696)	(3,572)	(11007)
<b>Net other comprehensive income to be reclassified to profit or loss</b>	(385,183)	(1,627)		(396,696)	(3,572)	
<b>Total comprehensive income for the period</b>	(304,797)	23,469	(1399)	(254,165)	34,307	(841)
<b>Attributable to:</b>						
Owners of the parent	(304,797)	23,469	(1399)	(273,707)	29,195	(1038)
Non-controlling interest	-	-		19,543	5,112	282
	(304,797)	23,469	(1399)	(254,165)	34,307	(841)

Union Bank of Colombo PLC  
STATEMENT OF FINANCIAL POSITION  
As at 31 March 2016

	BANK			GROUP		
	31.03.2016 Rs.'000	31.12.2015 Rs.'000 Audited	Change %	31.03.2016 Rs.'000	31.12.2015 Rs.'000 Audited	Change %
<b>Assets</b>						
Cash and cash equivalents	2,221,812	1,504,512	48	2,184,174	1,708,685	28
Balances with Central Bank	2,109,177	1,306,812	61	2,109,177	1,306,812	61
Reverse repurchased agreements	369,087	1,513,425	(76)	369,087	1,619,467	(77)
Placements with banks	173,051	284,078	(39)	173,051	294,074	(41)
Derivative financial instruments	1,935	10,621	(82)	1,935	10,621	(82)
Financial investments – Held for trading	6,627,844	8,463,807	(22)	6,627,844	8,463,807	(22)
Loans and receivables to banks	-	-		15,505	16,004	(3)
Loans and receivables to other customers	43,258,695	40,095,332	8	49,283,922	45,450,314	8
Other loans and receivables	6,755,783	5,721,549	18	5,981,019	4,951,274	21
Financial investments – Available for sale	10,513,500	8,356,130	26	11,138,158	8,538,559	30
Financial investments – Held to maturity	138,611	140,529	(1)	138,611	140,529	(1)
Investments in subsidiaries	892,364	892,364	0	-	-	
Property, plant and equipment	900,453	913,814	(1)	1,053,572	1,059,027	(1)
Investment in Real estate	-	-		213,397	213,274	0
Goodwill and intangible assets	1,102,182	1,118,200	(1)	1,453,242	1,469,783	(1)
Income Tax Recoverable	254,425	208,404	22	254,425	224,555	13
Deferred tax assets	-	-		478,645	485,102	(1)
Other assets	504,050	475,909	6	602,542	590,238	2
<b>Total assets</b>	<b>75,822,970</b>	<b>71,005,488</b>	<b>7</b>	<b>82,078,304</b>	<b>76,542,126</b>	<b>7</b>
<b>Liabilities</b>						
Due to banks	5,544,192	6,945,249	(20)	6,073,220	7,156,388	(15)
Repurchased agreements	9,336,884	8,242,551	13	8,962,271	7,994,533	12
Derivative financial instruments	2	-	100	2	-	100
Due to other customers	42,598,091	37,652,508	13	46,633,216	41,623,921	12
Other borrowed funds	-	-		1,663,636	1,281,085	30
Current tax liabilities	-	-		176,687	173,498	2
Deferred tax liabilities	33,350	30,089	11	33,815	30,554	11
Other liabilities	1,733,497	1,212,916	43	2,132,131	1,567,079	36
<b>Total liabilities</b>	<b>59,246,017</b>	<b>54,083,312</b>	<b>10</b>	<b>65,674,977</b>	<b>59,827,057</b>	<b>10</b>
<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	75,436	71,417	6	84,644	80,624	5
ESOP reserve	4,259	1,030	314	4,259	1,030	314
Available for sale reserve	(403,412)	(18,229)	(2113)	(395,674)	(4,576)	(8547)
Retained earnings	500,403	467,692	7	(21,787)	(91,502)	76
<b>Total shareholders' equity</b>	<b>16,576,952</b>	<b>16,922,176</b>	<b>(2)</b>	<b>16,071,708</b>	<b>16,385,842</b>	<b>(2)</b>
Non-controlling interests	-	-		331,620	329,227	1
<b>Total equity</b>	<b>16,576,952</b>	<b>16,922,176</b>	<b>(2)</b>	<b>16,403,328</b>	<b>16,715,069</b>	<b>(2)</b>
<b>Total equity and liabilities</b>	<b>75,822,970</b>	<b>71,005,488</b>	<b>7</b>	<b>82,078,304</b>	<b>76,542,126</b>	<b>7</b>
<b>Contingent liabilities and commitments</b>	<b>45,421,648</b>	<b>36,045,939</b>	<b>26</b>	<b>45,421,648</b>	<b>36,045,939</b>	<b>26</b>
<b>Net asset value per ordinary share (Rs.)</b>	<b>15.19</b>	<b>15.50</b>	<b>(2)</b>	<b>14.73</b>	<b>15.32</b>	<b>(4)</b>
	0			0		
<b>Memorandum information</b>						
Number of Employees	1,065	984				
Number of Branches	65	64				

Union Bank of Colombo PLC

STATEMENT OF CHANGES IN EQUITY

Period ended 31 March 2016

BANK	Stated Capital	Share Warrants	Statutory Reserve	Investment Fund	ESOP Reserve	Available for sale	Retained	Total		
	Rs.'000	Rs.'000	Fund Rs.'000	Rs.'000	Rs.'000	Reserve Rs.'000	Earnings Rs.'000	Rs.'000	Rs.'000	Rs.'000
<b>Balance as at 1 January 2015</b>	16,334,782	65,484	61,782	-	-	(78)	288,314	16,750,284		
Net Profit for the period	-	-	-	-	-	-	25,096	25,096		
Other Comprehensive Income	-	-	-	-	-	(1,627)	-	(1,627)		
Total comprehensive income	-	-	-	-	-	(1,627)	25,096	23,469		
Transfers during the period	-	-	1,255	-	-	-	(1,255)	-		
<b>Balance as at 31 March 2015</b>	16,334,782	65,484	63,037	-	-	(1,705)	312,155	16,773,753		
<b>Balance as at 1 January 2016</b>	16,334,782	65,484	71,417	-	1,030	(18,229)	467,692	16,922,176		
Net Profit for the period	-	-	-	-	-	-	80,386	80,386		
Other Comprehensive Income	-	-	-	-	-	(385,183)	-	(385,183)		
Total comprehensive income	-	-	-	-	-	(385,183)	80,386	(304,797)		
Dividend Paid	-	-	-	-	-	-	(43,656)	(43,656)		
Transfers during the period	-	-	4,019	-	3,229	-	(4,019)	3,229		
<b>Balance as at 31 March 2016</b>	16,334,782	65,484	75,436	-	4,259	(403,412)	500,403	16,576,952		
<b>GROUP</b>	<b>Stated Capital</b>	<b>Share Warrants</b>	<b>Statutory Reserve</b>	<b>Investment Fund</b>	<b>ESOP Reserve</b>	<b>Available for sale</b>	<b>Retained</b>	<b>Total</b>	<b>Non-controlling</b>	<b>Total Equity</b>
	Rs.'000	Rs.'000	Fund Rs.'000	Rs.'000	Rs.'000	Reserve Rs.'000	Earnings Rs.'000	Rs.'000	Interest Rs.'000	Rs.'000
<b>Balance as at 1 January 2015</b>	16,334,782	65,484	69,169	-	-	14,085	(298,854)	16,184,665	312,366	16,497,032
Net Profit for the period	-	-	-	-	-	-	31,813	31,813	6,065	37,878
Other Comprehensive Income	-	-	-	-	-	(2,619)	-	(2,619)	(953)	(3,572)
Total comprehensive income	-	-	-	-	-	(2,619)	31,813	29,194	5,112	34,307
Transfers during the period	-	-	1,255	-	-	-	(1,255)	-	-	-
<b>Balance as at 31 March 2015</b>	16,334,782	65,484	70,424	-	-	11,466	(268,296)	16,213,860	317,479	16,531,338
<b>Balance as at 1 January 2016</b>	16,334,782	65,484	80,624	-	1,030	(4,576)	(91,502)	16,385,842	329,227	16,715,069
Net Profit for the period	-	-	-	-	-	-	117,391	117,391	25,141	142,532
Other Comprehensive Income	-	-	-	-	-	(391,098)	-	(391,098)	(5,599)	(396,696)
Total comprehensive income	-	-	-	-	-	(391,098)	117,391	(273,707)	19,543	(254,165)
Transfers during the period	-	-	4,019	-	3,229	-	(4,019)	3,229	-	3,229
Dividend Paid	-	-	-	-	-	-	(43,656)	(43,656)	(17,150)	(60,806)
<b>Balance as at 31 March 2016</b>	16,334,782	65,484	84,644	-	4,259	(395,674)	(21,787)	16,071,708	331,620	16,403,328

Union Bank of Colombo PLC  
**STATEMENT OF CASH FLOWS**  
Period ended 31 March 2016

	BANK		GROUP	
	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000
<b>Cash Flow from Operating Activities</b>				
Interest received	1,279,726	946,394	1,763,188	1,119,251
Fees and commission receipts	61,730	25,122	105,119	62,402
Interest paid	(797,497)	(535,057)	(944,075)	(644,226)
Receipts from Other operating activities	101,905	82,715	202,155	97,363
Payments on Other operating activities	(613,183)	(488,209)	(747,312)	(576,688)
<b>Operating Profit/(Loss) before changes in Operating Assets &amp; Liabilities</b>	<b>32,681</b>	<b>30,965</b>	<b>379,075</b>	<b>58,103</b>
<b>(Increase)/Decrease in Operating Assets:</b>				
Balance with Central Bank of Sri Lanka	(802,365)	(44,477)	(802,365)	(44,477)
Funds advanced to customers	(3,172,036)	(3,382,373)	(4,074,046)	(3,845,178)
Others	(19,455)	10,580	(3,618)	21,329
	<b>(3,993,855)</b>	<b>(3,416,269)</b>	<b>(4,880,028)</b>	<b>(3,868,326)</b>
<b>Increase /(Decrease) in Operating Liabilities:</b>				
Due to other customers	4,872,992	987,931	4,934,608	1,081,938
Repurchased agreements	1,095,761	-	969,166	-
Other liabilities	517,135	(7,373)	562,293	119,853
	<b>6,485,887</b>	<b>980,558</b>	<b>6,466,068</b>	<b>1,201,790</b>
<b>Net Cash from/(used in) Operating Activities before Income Tax</b>	<b>2,524,713</b>	<b>(2,404,746)</b>	<b>1,965,115</b>	<b>(2,608,432)</b>
Retiring gratuity paid	(1,563)	-	(1,712)	(1,659)
Income tax paid	(12,493)	(22,916)	(11,951)	(20,247)
<b>Net Cash from/(used in) Operating Activities</b>	<b>2,510,657</b>	<b>(2,427,662)</b>	<b>1,951,453</b>	<b>(2,630,338)</b>
<b>Cash Flow from/(used in) Investing Activities</b>				
Dividends received	16,088	57	10	57
Net investment in other financial assets - Held for trading	1,968,763	(237,435)	1,968,763	(237,435)
Net increase in investment in financial assets - Held to maturity	2,555	410	2,555	410
Net increase in investment in financial assets - Available for sale	(2,491,991)	12,416	(2,945,733)	(207,169)
Net increase in debt securities	(993,663)	-	(989,846)	-
Net investment in real estates	-	-	(123)	21,343
Purchase of property & equipment	(49,233)	(114,149)	(64,549)	(128,339)
Purchase of intangible assets	(13,159)	(27,942)	(13,159)	(29,452)
Proceeds from sale of property, plant & equipment	45	792	45	793
<b>Net Cash used in Investing Activities</b>	<b>(1,560,596)</b>	<b>(365,850)</b>	<b>(2,042,036)</b>	<b>(579,790)</b>
<b>Cash Flow from/(used in) Financing Activities</b>				
Increase/decrease in borrowings	(1,408,281)	(405,815)	(1,237,294)	(306,769)
Dividend paid	(43,656)	-	(60,806)	-
<b>Net Cash used in Financing Activities</b>	<b>(1,451,938)</b>	<b>(405,815)</b>	<b>(1,298,100)</b>	<b>(306,769)</b>
Net Increase/(decrease) in cash and cash equivalents	(501,876)	(3,199,328)	(1,388,684)	(3,516,897)
Cash and cash equivalents at beginning of the year	3,243,723	12,612,344	3,563,864	13,049,562
<b>Cash and Cash Equivalents at end of the period</b>	<b>2,741,847</b>	<b>9,413,016</b>	<b>2,175,180</b>	<b>9,532,666</b>
<b>Reconciliation of Cash and Cash Equivalents</b>				
Cash in hand and at banks	2,221,812	9,441,310	2,184,174	9,625,207
Reverse repurchased agreements	369,000	-	369,000	-
Placements with banks	173,051	53,601	173,051	63,750
Due to banks	(22,017)	(81,895)	(551,045)	(156,292)
	<b>2,741,847</b>	<b>9,413,016</b>	<b>2,175,180</b>	<b>9,532,666</b>

## NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2016

## 1 LOANS AND RECEIVABLES TO OTHER CUSTOMERS

	Bank		Group	
	31.03.2016 Rs.'000	31.12.2015 Rs.'000 Audited	31.03.2016 Rs.'000	31.12.2015 Rs.'000 Audited
Gross loans and receivables (Note 1.1)	43,829,415	40,663,715	50,283,131	46,420,781
(Less): Individual impairment (Note 1.2)	(210,468)	(204,579)	(459,825)	(430,908)
Collective impairment (Note 1.2)	(360,252)	(363,804)	(539,385)	(539,560)
<b>Net loans and receivables</b>	<b>43,258,695</b>	<b>40,095,332</b>	<b>49,283,922</b>	<b>45,450,314</b>
<b>1.1 Loans and Receivables to other customers - by product</b>				
Overdrafts	8,349,891	7,804,094	8,349,485	7,776,506
Trade finance	9,524,190	9,163,730	9,524,190	9,163,730
Pawning	351,303	397,987	351,303	397,987
Staff loans	567,629	520,019	567,704	521,185
Term loans	21,341,032	21,209,689	21,904,183	22,233,000
Lease and Hire purchase	1,190,620	1,164,132	4,858,096	4,591,950
Factoring	427,914	404,064	1,637,027	1,523,938
Others	2,076,836	-	3,091,143	212,486
<b>Gross Loans and Receivables</b>	<b>43,829,415</b>	<b>40,663,715</b>	<b>50,283,131</b>	<b>46,420,781</b>
<b>1.2 Movements in Individual and Collective Impairment for the period</b>				
<b>Individual impairment</b>				
<b>Opening balance as at 1 January 2016</b>	204,579	126,310	430,908	761,678
Charge/(Write back) to statement of Profit or loss	5,889	78,269	28,917	167,034
Net write-off during the period	-	-	-	(497,804)
<b>Closing balance as at 31 March 2016</b>	<b>210,468</b>	<b>204,579</b>	<b>459,825</b>	<b>430,908</b>
<b>Collective impairment</b>				
<b>Opening balance as at 1 January 2016</b>	363,804	487,995	539,560	669,111
Charge/(Write back) to statement of Profit or loss	(3,279)	98,460	98	93,100
Net write-off during the period	(273)	(222,651)	(273)	(222,651)
<b>Closing balance as at 31 March 2016</b>	<b>360,252</b>	<b>363,804</b>	<b>539,385</b>	<b>539,560</b>
<b>Total Impairment Balance</b>	<b>570,720</b>	<b>568,384</b>	<b>999,210</b>	<b>970,467</b>

## NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2016

	Bank		Group	
	31.03.2016 Rs.'000	31.12.2015 Rs.'000 Audited	31.03.2016 Rs.'000	31.12.2015 Rs.'000 Audited
<b>2 DUE TO OTHER CUSTOMERS</b>				
Customer Deposits (Note 2.1)	42,598,091	37,652,508	46,633,216	41,623,921
	<u>42,598,091</u>	<u>37,652,508</u>	<u>46,633,216</u>	<u>41,623,921</u>
<b>2.1 Customer Deposits</b>				
Current accounts	3,231,381	2,933,982	3,221,633	2,930,651
Saving accounts	6,577,791	6,104,594	6,570,420	6,100,051
Fixed deposits	30,343,448	26,166,794	34,395,691	30,146,080
Certificate of Deposits	2,445,471	2,447,138	2,445,471	2,447,138
	<u>42,598,091</u>	<u>37,652,508</u>	<u>46,633,216</u>	<u>41,623,921</u>

## Union Bank of Colombo PLC

### EXPLANATORY NOTES

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Period ended 31 March 2016

1 The figures are provisional, unless otherwise stated as audited.

2 Interim financial statements are presented in accordance with LKAS 34 - Interim Financial Reporting applicable after 1 January 2012 and there are no changes to the accounting policies and methods of computation as against those disclosed in the Annual Report for the year ended 31 December 2015.

The Group financial statements comprise a consolidation of the financial statements of the Bank and its subsidiary 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.

#### 4 Information on Ordinary Shares

<b>Market Value</b>	<b>31.03.2016</b>	<b>31.12.2015</b>
	<b>Rs.</b>	<b>Rs.</b>
Market value	16.60	20.20
Highest price for the quarter	20.80	22.60
Lowest price for the quarter	14.20	20.00

Union Bank of Colombo PLC

NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 March 2016

SEGMENTAL ANALYSIS - GROUP

For the three months ended 31 March

	Corporate		Treasury		SME		Retail		Other Group Companies		Total	
	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000
Interest Income	412,110	186,814	327,907	220,969	500,170	530,682	75,052	-	314,625	202,079	1,629,864	1,140,545
Add: Inter-Segment Interest Income	-	-	-	9,821	-	131,066	605,050	-	-	-	605,050	140,887
Total Interest Income	412,110	186,814	327,907	230,790	500,170	661,748	680,101	-	314,625	202,079	2,234,914	1,281,432
Less: Interest Expense	66,446	29,686	286,728	27,116	(2,234)	370,316	552,228	-	155,630	98,513	1,058,798	525,631
Less: Inter-Segment Interest Expense	261,517	140,887	3,687	-	339,845	-	-	-	-	-	605,050	140,887
Net Interest Income	84,147	16,242	37,493	203,674	162,559	291,432	127,873	-	158,994	103,566	571,066	614,914
Other Income	32,846	13,912	195,265	55,753	24,313	62,493	70,196	-	124,332	54,333	446,953	186,491
Total Net Income	116,993	30,154	232,757	259,427	186,872	353,925	198,069	-	255,164	157,899	1,018,019	801,405
Less: Expenses including impairments	115,195	118,935	104,802	123,604	190,281	362,036	261,356	-	156,941	-	828,575	715,459
Segmental Results	1,798	(88,781)	127,956	135,822	(3,409)	(8,111)	(63,287)	-	98,223	157,899	189,444	85,946
Less: VAT and NBT on Financial Services											53,263	28,036
Less: Taxation											(6,351)	20,031
Profit after Taxation											142,532	37,878
Cash flow from operating activities	792,804	(475,286)	658,610	(617,116)	933,500	(1,335,260)	140,011	-	(573,473)	(202,676)	1,951,453	(2,630,338)
Cash flow from investing activities	(19,576)	(71,626)	(1,528,779)	(93,000)	(23,051)	(201,224)	(3,457)	-	(467,172)	(213,941)	(2,042,036)	(579,790)
Cash flow from financing activities	-	(79,450)	(1,408,281)	(103,159)	-	(223,206)	-	-	110,181	99,047	(1,298,100)	(306,769)
<b>As at 31 March</b>												
<b>Other Information</b>												
Segment Assets	20,910,560	12,292,276	26,883,045	13,296,749	18,218,282	18,846,087	3,563,427	-	9,741,881	7,091,773	79,317,194	51,526,884
Unallocated											2,761,110	1,822,528
Consolidated Total Assets											82,078,304	53,349,413
Segment Liabilities	6,668,245	2,476,465	14,881,078	1,977,411	-	27,160,041	35,929,846	-	6,428,960	4,457,107	63,908,129	36,071,025
Unallocated											1,766,848	747,050
Consolidated Total Liabilities											65,674,977	36,818,075

Union Bank of Colombo PLC

INFORMATION ON ORDINARY SHARES OF THE BANK

As at 31 March 2016

**TOP 20 SHAREHOLDERS**

Name	No. of shares as at 31.03.2016	% holding
1 Culture Financial Holdings Ltd	763,984,374	70.0%
2 Vista Knowledge Pte Ltd	64,677,973	5.9%
3 Associated Electrical Corporation Ltd	29,237,387	2.7%
4 Mr. A.I. Lovell	22,953,780	2.1%
5 Mr. C.P.A. Wijeyesekera	18,508,468	1.7%
6 Mr. D.A.J. Warnakulasuriya	14,842,730	1.4%
7 Dr. T. Senthilvel	12,533,216	1.1%
8 Ashyaki Holdings (Pvt) Ltd	7,792,506	0.7%
9 Mr. M.D. Samarawickrama	7,660,582	0.7%
10 Mr. S.P. Khattar	7,343,365	0.7%
11 Sterling Holdings (Private) Ltd	7,207,557	0.7%
12 Asian Alliance Insurance PLC – A/C 02 (Life Fund)	6,023,317	0.6%
13 Rosewood (Pvt) Limited – Account No. 1	5,500,698	0.5%
14 EXSAB International Holding Co. for Trading Development	4,202,139	0.4%
15 Anverally and Sons (Pvt) Ltd A/C No 01	4,174,153	0.4%
16 Commercial Agencies (Ceylon) Ltd	4,050,833	0.4%
17 Ajita De Zoysa & Company Limited	4,050,832	0.4%
18 Ceylon Biscuits Limited	2,000,000	0.2%
19 Standard Chartered Bank Singapore S/A HL Bank Singapore Branch	1,990,789	0.2%
20 The Ceylon Chamber of Commerce Account No 02	1,948,500	0.2%
	<b>990,683,199</b>	<b>90.8%</b>
Other shareholders	100,723,050	9.2%
Total	1,091,406,249	100.0%

**As at 31 March 2016**

Number of shares in public holding	239,569,672
Number of public shareholders	33,393
Percentage of public holding	22.0%

**DIRECTORS' HOLDING IN SHARES**

Name	No. of shares held as at 31.03.2016
Dr. P. Jayendra Nayak	None
Mr. Alexis Indrajit Lovell	22,953,780
Mr. Bodahandi Asoka Keerthi De Silva	8,900
Ms. Sow Lin Chiew	None
Ms. Yoke Sun Woon (Alternate Director to Ms. Sow Lin Chiew)	None
Mr. Priyantha Fernando	None
Mr. Sabry Ghouse	None
Mr. Imtiaz Muhseen	None
Mr. Ranvir Dewan	None
Mr. Gaurav Trehan	None
Mr. Puneet Bhatia	None
Mr. Michael J. O'Hanlon	None
Ms. Ayomi Aluwihare	None
Mr. Sumedh Jog (Alternate Director to Mr. Michael J. O' Hanlon)	None
Mr. Indrajit Wickramasinghe	None

## NOTES TO THE FINANCIAL STATEMENTS

As at 31 March 2016

## MEASUREMENT OF FINANCIAL INSTRUMENTS

## a. Bank - 31 March 2016

	HFT	HTM	L & R	AFS	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>ASSETS</b>					
Cash and cash equivalents	-	-	2,221,812	-	2,221,812
Balances with Central Bank	-	-	2,109,177	-	2,109,177
Reverse repurchased agreements	-	-	369,087	-	369,087
Placements with banks	-	-	173,051	-	173,051
Derivative financial instruments	1,935	-	-	-	1,935
Other financial assets - Held for trading	6,627,844	-	-	-	6,627,844
Loans and receivables to other customers	-	-	43,258,695	-	43,258,695
Other loans and receivables	-	-	6,755,783	-	6,755,783
Financial investments - Available for sale	-	-	-	10,513,500	10,513,500
Financial investments - Held to maturity	-	138,611	-	-	138,611
Other assets	-	-	56,680	-	56,680
<b>Total financial assets</b>	<b>6,629,779</b>	<b>138,611</b>	<b>54,944,285</b>	<b>10,513,500</b>	<b>72,226,175</b>

	HFT	Amortised cost	Total
	Rs.	Rs.	Rs.
<b>LIABILITIES</b>			
Due to banks	-	5,544,192	5,544,192
Repurchased agreements	-	9,336,884	9,336,884
Derivative financial instruments	2	-	2
Due to other customers	-	42,598,091	42,598,091
Other liabilities	-	985,173	985,173
<b>Total financial liabilities</b>	<b>2</b>	<b>58,464,340</b>	<b>58,464,342</b>

## b. Bank - 31 December 2015 (Audited)

	HFT	HTM	L & R	AFS	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>ASSETS</b>					
Cash and cash equivalents	-	-	1,504,512	-	1,504,512
Balances with Central Bank	-	-	1,306,812	-	1,306,812
Reverse repurchased agreements	-	-	1,513,425	-	1,513,425
Placements with banks	-	-	284,078	-	284,078
Derivative financial instruments	10,621	-	-	-	10,621
Other financial assets - Held for trading	8,463,807	-	-	-	8,463,807
Loans and receivables to other customers	-	-	40,095,332	-	40,095,332
Other loans and receivables	-	-	5,721,549	-	5,721,549
Financial investments - Available for sale	-	-	-	8,356,130	8,356,130
Financial investments - Held to maturity	-	140,529	-	-	140,529
Other assets	-	-	49,039	-	49,039
<b>Total financial assets</b>	<b>8,474,429</b>	<b>140,529</b>	<b>50,474,748</b>	<b>8,356,130</b>	<b>67,445,836</b>

	HFT	Amortised cost	Total
	Rs.	Rs.	Rs.
<b>LIABILITIES</b>			
Due to banks	-	6,945,249	6,945,249
Repurchased agreements	-	8,242,551	8,242,551
Due to other customers	-	37,652,508	37,652,508
Other liabilities	-	954,193	954,193
<b>Total financial liabilities</b>	<b>-</b>	<b>53,794,501</b>	<b>53,794,501</b>

## MEASUREMENT OF FINANCIAL INSTRUMENTS

## a. Group - 31 March 2016

	HFT Rs.	HTM Rs.	L & R Rs.	AFS Rs.	Total Rs.
<b>ASSETS</b>					
Cash and cash equivalents	-	-	2,184,174	-	2,184,174
Balances with Central Bank	-	-	2,109,177	-	2,109,177
Reverse repurchased agreements	-	-	369,087	-	369,087
Placements with banks	-	-	173,051	-	173,051
Derivative financial instruments	1,935	-	-	-	1,935
Other financial assets - Held for trading	6,627,844	-	-	-	6,627,844
Loans and receivables to banks	-	-	15,505	-	15,505
Loans and receivables to other customers	-	-	49,283,922	-	49,283,922
Other loans and receivables	-	-	5,981,019	-	5,981,019
Financial investments - Available for sale	-	-	-	11,138,158	11,138,158
Financial investments - Held to maturity	-	138,611	-	-	138,611
Other assets	-	-	56,680	-	56,680
<b>Total financial assets</b>	<b>6,629,779</b>	<b>138,611</b>	<b>60,172,615</b>	<b>11,138,158</b>	<b>78,079,163</b>

	HFT Rs.	Amortised cost Rs.	Total Rs.
<b>LIABILITIES</b>			
Due to banks	-	6,073,220	6,073,220
Repurchased agreements	-	8,962,271	8,962,271
Derivative financial instruments	2	-	2
Due to other customers	-	46,633,216	46,633,216
Other borrowed funds	-	1,663,636	1,663,636
Other liabilities	-	985,173	985,173
<b>Total financial liabilities</b>	<b>2</b>	<b>64,317,515</b>	<b>64,317,517</b>

## b. Group - 31 December 2015 (Audited)

	HFT Rs.	HTM Rs.	L & R Rs.	AFS Rs.	Total Rs.
<b>ASSETS</b>					
Cash and cash equivalents	-	-	1,708,685	-	1,708,685
Balances with Central Bank	-	-	1,306,812	-	1,306,812
Reverse repurchased agreements	-	-	1,619,467	-	1,619,467
Placements with banks	-	-	294,074	-	294,074
Derivative financial instruments	10,621	-	-	-	10,621
Other financial assets - Held for trading	8,463,807	-	-	-	8,463,807
Loans and receivables to banks	-	-	16,004	-	16,004
Loans and receivables to other customers	-	-	45,450,314	-	45,450,314
Other financial assets - Held for trading	-	-	4,951,274	-	4,951,274
Financial investments - Available for sale	-	-	-	8,538,559	8,538,559
Financial investments - Held to maturity	-	140,529	-	-	140,529
Other assets	-	-	75,136	-	75,136
<b>Total financial assets</b>	<b>8,474,429</b>	<b>140,529</b>	<b>55,421,766</b>	<b>8,538,559</b>	<b>72,575,283</b>

	HFT Rs.	Amortised cost Rs.	Total Rs.
<b>LIABILITIES</b>			
Due to banks	-	7,156,388	7,156,388
Repurchased agreements	-	7,994,533	-
Due to other customers	-	41,623,921	41,623,921
Other borrowed funds	-	1,281,085	1,281,085
Other liabilities	-	1,217,418	1,217,418
<b>Total financial liabilities</b>	<b>-</b>	<b>59,273,345</b>	<b>51,278,811</b>

# Union Bank of Colombo PLC

## SELECTED PERFORMANCE INDICATORS

As at 31 March 2016

Item	Bank	
	31-Mar-16	31-Dec-15
<b>Regulatory Capital Adequacy</b>		
Core Capital (Tier 1 Capital), Rs. '000	15,473,807	15,458,060
Total Capital Base, Rs. '000	15,193,375	15,177,627
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	24.94%	24.41%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	24.49%	23.96%
<b>Assets Quality (Quality of Loan Portfolio)</b>		
Gross Non-Performing Advances Ratio, % (net of interest in suspense)	3.28%	3.55%
Net-Non Performing Advances,% (net of interest in suspense and provision)	2.31%	2.69%
<b>Profitability</b>		
Interest Margin, %	2.42%	3.37%
Return on Assets (before Tax), %	0.27%	0.34%
Return on Equity, %	1.92%	1.14%
<b>Regulatory Liquidity</b>		
Statutory Liquid Assets, Rs. '000		
Domestic Banking Unit	9,792,598	8,966,288
Off-Shore Banking Unit	711,429	621,730
Statutory Liquid Assets Ratio, % (Minimum Requirement, 20%)		
Domestic Banking Unit	20.43%	21.87%
Foreign Currency Banking Unit	21.50%	22.70%

### CERTIFICATION:

We, the undersigned, being the Chairman, 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 Samaratinga  
Chief Financial Officer

Sgd.

Indrajit Wickramasinghe  
Chief Executive Officer

Sgd.

P. Jayendra Nayak  
Chairman

Date: 27 April 2016