

 **UNION BANK**

Key Regulatory Ratios-Capital and Liquidity				
As at	BANK		GROUP	
	30-June-2019	31-Dec-2018	30-June-2019	31-Dec-2018
Regulatory Capital (LKR '000)				
Common Equity Tier 1	15,215,302	15,031,473	14,778,588	15,557,644
Tier 1 Capital	15,215,302	15,031,473	14,778,588	15,557,644
Total Capital	15,215,302	15,031,473	14,778,588	15,557,644
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 2019-7.0% & 2018 -6.375%)	17.23%	17.41%	15.48%	16.47%
Tier 1 Capital Ratio (Minimum Requirement- 2019 - 8.5% & 2018 - 7.875%)	17.23%	17.41%	15.48%	16.47%
Total Capital Ratio (Minimum Requirement- 2019 - 12.5% & 2018 - 11.875%)	17.23%	17.41%	15.48%	16.47%
Leverage Ratio (Minimum Requirement - 3%)	10.03%		9.27%	
Regulatory Liquidity				
Statutory liquid Assets				
Domestic Banking Unit (LKR'000)	19,488,875	18,006,765		
Off-Shore Banking Unit (USD'000)	13,657	12,791		
Statutory liquid Assets Ratio % (Minimum Requirement-20%)				
Domestic Banking Unit (%)	23.27%	21.77%		
Off -Shore Banking Unit (%)	22.02%	21.14%		
Liquidity Coverage Ratio (%)				
Rupee (Minimum Requirement - 2019 - 100% & 2018 - 90%)	344.29%	335.43%		
All Currency (Minimum Requirement- 2019-100% & 2018- 90%)	125.83%	131.50%		
Net Stable Funding Ratio (Minimum Requirement -90%)	111.44%			

Basel III Computation of Capital Ratio				
As at	30-June-2019		31-Dec-2018	
	BANK	GROUP	BANK	GROUP
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Common Equity Tier I (CET1) Capital after Adjustments	15,215,302	14,778,588	15,031,473	15,557,644
Total Common Equity Tier I (CET1) Capital	17,324,907	17,545,616	17,324,907	17,624,126
Equity capital or stated capital/assigned capital	16,334,782	16,334,782	16,334,782	16,334,782
Reserve fund	139,883	157,569	139,882	157,569
Published retained earnings/(Accumulated retained losses)	1,193,505	798,077	1,193,505	798,077
Published Accumulated other comprehensive income (OCI)	-461,562	-461,562	-461,562	-461,562
General and other disclosed reserves	118,300	118,300	118,300	118,300
Ordinary shares issued by consolidated banking and financial subsidiaries of the bank and held by third parties	-	598,450	-	676,960
Total Adjustments to CET1 Capital	2,109,605	2,767,028	2,293,434	2,066,482
Goodwill (net)	-	113,031	-	113,031
Other intangible assets (net)	1,136,121	1,370,139	1,202,533	1,437,513
Deferred tax assets (net)	-	525,382	115,596,804	515,938
Shortfall of the cumulative impairment to specific provisions	-	-	-	-
Significant investments in the capital of financial institutions where the bank owns more than 10 per cent of the issued ordinary share capital of the entity	973,485	-	975,305	-
Shortfall of capital in financial subsidiaries	-	758,475	-	-
Additional Tier 1 (AT1) Capital after Adjustments	-	-	-	-
Total Additional Tier 1 (AT1) Capital	-	-	-	-
Total Adjustments to AT1 Capital	-	-	-	-
Tier 2 Capital after Adjustments	-	-	-	-
Total Tier 2 Capital	-	-	-	-
Qualifying Tier 2 Capital Instruments	-	-	-	-
Total Adjustments to Tier 2 Capital	-	-	-	-
Reciprocal cross holdings in Tier 2 capital instruments	-	-	-	-
CET1 Capital	15,215,302	14,778,588	15,031,473	15,557,644
Total Tier 1 Capital	15,215,302	14,778,588	15,031,473	15,557,644
Total Capital	15,215,302	14,778,588	15,031,473	15,557,644
Total Risk Weighted Amount (RWA)	88,293,855	95,438,433	86,356,645	94,471,678
RWAs for Credit Risk	73,713,581	79,680,340	74,058,959	80,939,633
RWAs for Market Risk	8,997,244	9,066,968	6,992,096	7,051,323
RWAs for Operational Risk	5,583,030	6,691,125	5,305,589	6,480,721
CET1 Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs)(%)	17.23%	15.48%	17.41%	16.47%
of which : Capital Conservation Buffer (%)	1.25%	1.25%	1.25%	1.25%
of which : Countercyclical Buffer (%)	-	-	-	-
of which : Capital Surcharge on D-SIBs (%)	-	-	-	-
Total Tier 1 Capital Ratio (%)	17.23%	15.48%	17.41%	16.47%
Total Capital Ratio (including Capital Conservation Buffer, Countercyclical Capital Buffer & Surcharge on D-SIBs)(%)	17.23%	15.48%	17.41%	16.47%
of which : Capital Conservation Buffer (%)	1.25%	1.25%	1.25%	1.25%
of which : Countercyclical Buffer (%)	-	-	-	-
of which : Capital Surcharge on D-SIBs (%)	-	-	-	-

Computation of Leverage Ratio

30-June-2019	Amount (LKR '000)	
	BANK	GROUP
Tier 1 Capital	15,215,302	14,778,588
Total Exposure	151,750,535	159,401,261
On-balance sheet items (excluding Derivatives and Securities Financing Transactions, but including Collateral)	120,889,730	126,430,850
Derivative Exposures	12,064,424	12,064,424
Securities Financing Transaction Exposures	15,249,133	15,249,133
Other Off -Balance Sheet Exposures	5,656,853	5,656,853
Basel III Leverage Ratio (%) (Tier 1/Total Exposure)	10.03%	9.27%

Basel III Computation of Liquidity Coverage Ratio				
As at	30-June-2019		31-Dec-2018	
	Total Un-weighted Value	Total Weighted Value	Total Un-weighted Value	Total Weighted Value
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Total stock of High -Quality Liquid Assets (HQLA)	13,935,607	12,327,257	11,392,892	12,762,762
Total Adjusted Level 1A Assets	13,935,607	13,935,607	11,392,892	11,392,892
Level 1 Assets	12,327,257	12,327,257	12,762,762	12,762,762
Total Adjusted Level 2A Assets	-	-	-	-
Level 2A Assets	-	-	-	-
Total Adjusted Level 2B Assets	-	-	-	-
Level 2B Assets	-	-	-	-
Total Cash Outflows	104,024,892	22,123,406	121,975,905	20,943,895
Deposits	56,468,434	5,006,264	51,600,198	5,151,164
Unsecured Wholesale Funding	24,105,799	15,790,883	29,701,572	13,996,571
Secured funding transaction	-	-	-	-
Undrawn portion of committed (irrevocable) facilities and other contingent funding obligations	23,450,659	1,326,258	40,599,182	1,721,207
Additional requirements	-	-	74,953	74,953
Total Cash inflows	19,189,171	12,326,949	19,374,109	11,238,548
Maturing secured lending transactions backed by the following collateral	2,053,979	2,053,979	1,942,955	1,942,948
Committed facilities	-	-	-	-
Other inflows by counterparty which are maturing within 30 days	16,819,002	10,272,970	16,660,667	9,295,599
Operational deposits	316,190	-	770,486	-
Other cash inflows	-	-	-	-
Liquidity Coverage Ratio,(%)(Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calender Days)*100		126%		132%

Main Features of Regulatory Capital Instruments		
As at	30-June-2019	
	BANK	GROUP
	Rs.'000	Rs.'000
Description of the Capital Instrument	-	-
Issuer	-	-
Unique Identifier	-	-
Par Value of Instrument	-	-
Perpetual or Dated	-	-
Original Maturity Date.if Applicable	-	-
Amount Recognized in Regulatory Capital (in LKR '000 as at the Reporting Date)	15,215,302*	14,778,558**
Accounting Classification (Equity/Liability)	Equity	Equity
Issuer Call subject to Prior Supervisory Approval	-	-
Optional Call Date,Contingent Call Dates and Redemption Amount (LKR '000)	-	-
Subsequent Call Dates, if Applicable	-	-
Coupons/Dividends	-	-
Fixed or Floating Dividend/Coupon	-	-
Non-Cumulative or Cumulative	-	-
Convertible or Non-Convertible	-	-
If Convertible ,Conversion Trigger (s)	-	-
If Convertible ,Mandatory or Optional	-	-
If Convertible ,Conversion Rate	-	-

Note :

* Tier 1 & Tier 2 Instruments not yet issued.

Credit Risk under Standardised Approach-Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects						
30-June-2019	BANK					
	Exposures before Credit Conversion Factor (CCF) and CRM		Exposures post (CCF) and CRM		RWA and RWA Density	
	Amount	Amount	Sheet Amount	Sheet Amount	RWA	RWA Density
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	%
Claims on Central Government and Central Bank of Sri Lanka	13,190,228	-	13,190,228	-	613,944,003	-
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	-
Claims on Public Sector Entities	-	-	-	-	-	-
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	-
Claims on Banks Exposures	1,775,284	72,668,324	1,775,284	36,334,162	960,031	53%
Claims on Financial Institutions	6,867,997	226,685	6,867,997	226,685	5,617,907	79%
Claims on Corporates	24,279,996	9,906,888	24,279,996	686,684	22,205,666	89%
Retail Claims	29,416,145	21,869,778	23,370,241	4,707,150	22,829,124	81%
Claims Secured by Residential Property	9,244,087	-	9,244,087	-	7,908,355	86%
Claims Secured by Commercial Real Estate	6,312,004	-	6,312,004	-	6,312,004	100%
Non-Performing Assets (NPAs)	2,981,192	-	2,981,192	-	3,766,264	126%
Higher-risk Categories	161,888	-	161,888	-	404,720	250%
Cash Items and Other Assets	5,684,331	-	4,792,090	-	3,095,567	65%
Total	99,913,151	32,076,019	92,975,006	5,656,853	73,713,581	79%

30-June-2019 Asset Classes	GROUP					
	Exposures before Credit Conversion Factor (CCF) and CRM		Exposures post (CCF) and CRM		RWA and RWA Density	
	On-Balance Sheet Amount	Off-Balance Sheet Amount	On-Balance Sheet Amount	Off-Balance Sheet Amount	RWA	RWA Density
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	%
Claims on Central Government and Central Bank of Sri Lanka	13,749,634	-	13,749,634	-	613,944,003	4%
Claims on Foreign Sovereigns and their Central Banks	-	-	-	-	-	0%
Claims on Public Sector Entities	-	-	-	-	-	0%
Claims on Official Entities and Multilateral Development Banks	-	-	-	-	-	0%
Claims on Banks Exposures	1,976,850	72,668,324	2,013,184	36,334,162	1,000,562	50%
Claims on Financial Institutions	6,695,075	226,685	6,695,075	226,685	5,586,179	83%
Claims on Corporates	24,138,453	9,906,888	24,138,453	686,684	22,071,875	91%
Retail Claims	36,748,524	21,869,778	30,702,620	4,707,150	28,214,453	92%
Claims Secured by Residential Property	9,244,087	-	9,244,087	-	7,908,355	86%
Claims Secured by Commercial Real Estate	6,431,386	-	6,431,386	-	6,431,386	100%
Non-Performing Assets (NPAs)	3,640,441	-	3,640,441	-	4,396,685	121%
Higher-risk Categories	-	-	-	-	-	0%
Cash Items and Other Assets	6,520,676	-	5,198,427	-	3,456,902	66%
Total	109,145,127	32,076,019	101,813,307	5,656,853	79,680,340	78%

Note :

(i) NPAs-As per Banking Act Directions on Classification of loans and advances, income recognition and provisioning.

(ii) RWA Density-Total RWA/Exposures post CCF and CRM

Market Risk under Standardised Measurement Method		
30-June-2019	Risk Weighted Assets	
	BANK	GROUP
	Rs.'000	Rs.'000
(a)RWA for Interest Rate Risk	521,065	521,065
General Interest Rate Risk	521,065	521,065
(I) Net Long or Short Position	521,065	521,065
(II) Horizontal Disallowance	-	-
(iii) Vertical Disallowance	-	-
(iv) Options	-	-
Specific Interest Rate Risk	-	-
(b)RWA for Equity	582,911	591,627
(i) General Equity Risk	291,456	295,794
(ii) Specific Equity Risk	291,456	295,833
(C)RWA for Foreign Exchange & Gold	20,679	20,679
Capital Charge for Market Risk [(a)+(b)+		
(c)] * CAR	8,997,244	9,066,968

Difference between Accounting and Regulatory Scopes and Mapping of Financial Statement Categories with Regulatory Risk Categories-Bank Only					
30-June-2019	a	b	c	d	e
	Carrying Values as Reported in Published Financial Statements	Carrying Values under Scope of Regulatory Reporting	Subject to Credit Risk Framework	Subject to Market Risk Framework	Not subject to Capital Requirements or Subject to Deduction from
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Assets	121,747,629	122,180,185	92,975,006	19,820,005	9,047,750
Cash and cash equivalents	2,159,126	2,212,761	2,212,761	-	-
Balances with Central Bank of Sri Lanka	2,386,264	2,386,264	2,386,264	-	-
Placements with Banks	433,701	433,701	433,701	-	-
Reverse repurchased agreements	1,797,650	1,790,456	1,790,456	-	-
Derivative financial instruments	11,978	-	-	-	-
Financial investments at fair value through profit or loss	4,471,068	19,820,005	-	19,820,005	-
Financial assets at amortised cost - loans and advances to customers	74,222,438	74,410,894	67,472,749	-	6,938,145
Financial assets at amortised cost - debt and other instruments	16,065,188	15,926,120	15,626,120	-	300,000
Financial investments at fair value through other comprehensive income	15,798,364	-	-	-	-
Current tax assets	133,450	-	-	-	-
Investments in subsidiaries	894,987	1,172,797	161,888	-	673,485
Goodwill and intangible assets	1,136,121	1,136,121	-	-	1,136,121
Property, plant and equipment	720,643	720,643	720,643	-	-
Deferred tax assets	-	-	-	-	-
Other assets	1,516,650	2,170,425	2,170,425	-	-
Liabilities	104,435,413	104,521,914	-	-	-
Due to Banks	12,893,345	11,923,534	-	-	-
Derivative financial instruments	22,469	-	-	-	-
Repurchased agreements	13,692,501	-	-	-	-
Due to other customers	74,609,273	73,107,240	-	-	-
Other borrowings	1,261,558	14,899,101	-	-	-
Deferred tax liabilities	6,165	-	-	-	-
Other liabilities	1,950,101	4,592,039	-	-	-
Off -balance sheet liabilities	31,993,610	27,952,180	27,860,977	-	91,204
Guarantees	4,743,650	4,743,650	4,664,217	-	79,433
Performance bonds	2,473,450	2,473,450	2,461,679	-	11,771
Letter of credits	1,985,688	1,985,688	1,985,688	-	-
Other contingent items	9,136,843	9,136,843	9,136,843	-	-
Undrawn loan commitments	9,336,150	5,212,312	5,212,312	-	-
Other commitments	4,317,829	4,400,237	4,400,237	-	-
Equity					
Stated capital	16,334,782	16,334,782	-	-	-
Share warrants	65,484	65,484	-	-	-
Statutory reserve fund	154,755	95,439	-	-	-
ESOP reserve	52,159	52,816	-	-	-
Fair value reserve	77,085	-	-	-	-
Retained earnings	627,952	849,959	-	-	-
Total equity attributable to equity holders of the bank	17,312,217	17,398,479	-	-	-
Total equity	17,312,217	17,658,271	-	-	-
Total equity and liabilities	121,747,629	122,180,185	-	-	-
Note-	The reasons for more than 1% variances between (a) and (b) are SLFRS related adjustments on the carrying value reported in Published Financial Statements.				