



INTERIM FINANCIAL STATEMENTS

For the period ended 30 June 2016



Union Bank continues strong growth momentum in 1H 2016

Group Performance

Net Profit grows 233% Year-on-Year (YoY) to Rs.275Mn

Operating Income grows 31% YoY to Rs.2,120Mn

Total Assets increased 16% YTD to Rs.88,946Mn

Bank's Performance

Net Profit grows 156% YoY to Rs.154Mn

Operating Income grows by 23% YoY to Rs.1,655Mn

Net NPL ratio reduced to 2% reflecting further improvement in asset quality

Net Loans and advances grew 21% YTD to Rs.48,513Mn

Customer Deposits grew 22% YTD to Rs.45,803Mn

Total Assets increased 16% YTD to Rs.82,302Mn

Union Bank of Colombo PLC (The Bank) and its subsidiaries UB Finance Co. Ltd and National Asset Management Ltd (The Group) ended the first half of 2016 with an impressive 233% growth in profit after tax (PAT), reporting Rs.275Mn for the period. Operating Income of the Group grew 31% to Rs.2,120Mn for the period. Total assets of the Group reflected a strong 16% year-to-date (YTD) growth to reach Rs.88,946Mn.

Core Banking Growth and Profitability

The Bank's post tax profit for the period was Rs.154Mn, a 156% increase year-on-year (YoY).

Reflecting a steady progress, Total operating income of the Bank grew by 23% YoY to Rs.1,655Mn. The Bank's net fee and commission income of Rs.121Mn is an increase of 121% 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 amounted to Rs.278Mn, a growth of 251% YoY. The Bank does not have any exposure to the equity market.

Reflecting significant improvement in the quality of the portfolio, Net NPL ratio improved to 2.0% from 4% in the 2Q 2015 with a corresponding reduction in impairment charges from the comparative period.

The Bank's total operating expenses increased by 29% to Rs.1,433Mn primarily due to investment spending on New branches, ATMs, staff and technology in line with the strategic plan.

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The Bank remains well capitalised with a strong core capital adequacy ratio of 23.2% and a Total capital adequacy ratio of 22.8%.

The Bank's balance sheet expanded by 16% YTD to reach Rs.82,302Mn. Loans and advances grew by 21% to Rs.48,513Mn during the period under review, while the customer deposits reflected a growth of 22% to Rs.45,803Mn.

Operational Performance

The impressive results reveal the success of the expansion initiatives implemented by the Bank, following the land mark investment from TPG - one of the largest, global private investment firms and affirm the Union Bank's renewed strategic focus as a fully-fledged commercial bank serving a diverse clientele including Retail, SME and Corporate segments.

In line with Union Bank's mandate to deliver greater banking convenience to customers, the bank extended its new look and design to its Jaffna branch located at No. 398, Hospital Road, Jaffna to provide customers a redefined banking experience. The remodeled branch now provides greater banking convenience with spacious banking facilities, improved service experience and enhanced levels of customer engagement.

Delivering further convenience and ease of access, Union Bank had expanded its off-site ATM network to 48 ATMs by the end of the 2nd quarter of 2016 increasing its overall ATM network to 114. Union Bank's island-wide network expansion will continue to support its business growth while the sizing up of its network of off-site ATMs and entering into strategic partnerships that deliver enhanced convenience will continue to add value to the customer experience.

Adding further value to the banking experience of its retail clients and encouraging parents to save for a secure future for their little ones, the Bank re-launched its children's savings proposition during the 2nd quarter of 2016. The all new '**Union Bank Kidz Saver**' is designed to incentivise children with a range of attractive gifts while rewarding the commitment of their parents with a higher return on the savings balances. Union Bank Kidz Saver comes with a tiered gift structure which is based on the savings balance maintained. The concept is expected to encourage account holders to save more and earn greater interest while also being rewarded with a better gift at each of the pre-defined savings balance thresholds.

Adding another pragmatic feature to the Bank's suite of Retail Banking solutions, Union Bank introduced a novel money transfer service in association with TimesofMoney within the 2nd quarter of 2016. '**Union Bank Remit2SriLanka**' money transfer service is a simple, fast, secure and affordable method to send money from anywhere in the world to Sri Lanka. All Union Bank customers availing of this facility would have the additional option to withdraw the transferred funds at any Bank or ATM machine, facilitating enhanced flexibility and wider accessibility to their funds.

Also within the 2nd quarter of 2016, the Bank announced the launch of '**Union Bank Biz Direct**'; a revolutionary transaction management system that is designed to deliver distinctive advantages to the



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Bank's business banking clientele comprising large corporates and small and medium enterprises. Union Bank BizDirect is a comprehensive transaction banking solution that provides global access and usage options for corporate and SME clients; enabling local and cross-border trading at the click of a button.

Commenting on the performance of the Bank, Director/Chief Executive Officer Mr. Indrajit Wickramasinghe stated, "The Bank's strong half year performance affirms the steady progression of Union Bank towards its strategic positioning as a fully-fledged commercial bank. The Bank has recorded an impressive operating income growth along with notable growth across Corporate, SME and Retail banking segments. These results further affirm the Bank's strategic direction. With the backing of a strong capital base, a focused business plan and a dynamic team geared for performance; Union Bank will continue to build on this success during the rest of the year while taking on the challenges and opportunities in the market."

-Ends-

STATEMENT OF PROFIT OR LOSS

Period ended 30 June 2016

	BANK						GROUP					
	For the six months ended			For the quarter ended			For the six months ended			For the quarter ended		
	30.06.2016 Rs.000	30.06.2015 Rs.000	Change %	30.06.2016 Rs.000	30.06.2015 Rs.000	Change %	30.06.2016 Rs.000	30.06.2015 Rs.000	Change %	30.06.2016 Rs.000	30.06.2015 Rs.000	Change %
Interest income	2,971,988	1,905,025	56	1,618,522	947,016	71	3,546,741	2,292,254	55	1,916,877	1,151,709	66
Less: Interest expenses	1,993,490	865,699	130	1,083,858	435,624	149	2,317,497	1,062,456	118	1,258,699	536,825	134
Net interest income	978,498	1,039,326	(6)	534,664	511,392	5	1,229,244	1,229,798	(0)	658,178	614,884	7
Fee and commission income	152,495	76,500	99	77,601	39,938	94	248,127	159,328	56	124,997	82,195	52
Less: Fee and commission expenses	31,570	21,716	45	18,407	10,276	79	42,909	28,827	49	24,899	14,096	77
Net fee and commission income	120,925	54,784	121	59,194	29,662	100	205,217	130,501	57	100,098	68,099	47
Net gain from trading	277,753	79,111	251	132,396	52,747	151	277,753	79,111	251	132,396	52,747	151
Other operating income (net)	277,981	177,094	57	162,446	94,017	73	407,704	177,944	129	211,227	80,219	163
Total operating income	1,655,157	1,350,315	23	888,700	687,818	29	2,119,918	1,617,354	31	1,101,899	815,948	35
Less: Impairment charge												
Individual Impairment	17,733	43,442	(59)	11,844	30,413	(61)	38,439	81,114	53	9,521	41,893	77
Collective Impairment	695	63,414	(99)	3,974	17,991	(78)	20,718	57,426	(64)	20,620	17,726	16
Net operating income	1,636,729	1,243,459	32	872,882	639,414	37	2,060,761	1,478,813	39	1,071,758	756,329	42
Less: Personnel Expenses	656,193	467,635	40	349,723	234,842	49	767,011	552,724	39	405,114	279,996	45
Depreciation & Amortisation	190,154	158,917	20	98,383	81,574	21	200,013	171,184	17	100,832	87,623	15
Other expenses	586,379	482,257	22	312,179	246,270	27	705,961	574,936	23	367,478	294,687	25
Operating profit before value added tax (VAT) and nation building tax (NBT) on financial services	204,003	134,650	52	112,596	76,729	47	387,777	179,969	115	198,333	94,023	111
Less: VAT and NBT on financial services	99,725	54,273	84	58,452	30,519	92	122,649	62,422	96	69,386	34,385	102
Profit before tax	104,278	80,378	30	54,145	46,209	17	265,128	117,547	126	128,947	59,637	116
Less: Tax expenses	(49,641)	20,297	(345)	(19,387)	11,224	(273)	(9,467)	35,147	(127)	(3,115)	15,116	(121)
Profit for the period	153,919	60,080	156	73,532	34,985	110	274,594	82,400	233	132,063	44,522	197
Profit Attributable to:												
Owners of the parent	153,919	60,080	156	73,532	34,985	110	234,654	68,025	245	117,264	36,212	224
Non-controlling interest	-	-	-	-	-	-	39,940	14,375	178	14,799	8,310	78
	153,919	60,080	156	73,532	34,985	110	274,594	82,400	233	132,063	44,522	197
Earnings per share on profit												
Earnings per share - Basic							0.22	0.06	258	0.11	0.03	258
Earnings per share - Diluted							0.20	0.05	308	0.10	0.03	100

STATEMENT OF COMPREHENSIVE INCOME

Period ended 30 June 2016

	BANK						GROUP					
	For the six months ended			For the quarter ended			For the six months ended			For the quarter ended		
	30.06.2016 Rs.'000	30.06.2015 Rs.'000	Change %	30.06.2016 Rs.'000	30.06.2015 Rs.'000	Change %	30.06.2016 Rs.'000	30.06.2015 Rs.'000	Change %	30.06.2016 Rs.'000	30.06.2015 Rs.'000	Change %
Profit for the period	153,919	60,080	156	73,532	34,985	110	274,594	82,400	233	132,063	44,522	197
Other comprehensive income/(expenses)												
<i>Other comprehensive income to be reclassified to profit or loss:</i>												-
Gains and losses on re-measuring available for sale financial assets	(264,248)	852	(31,123)	120,935	2,478	4,779	(275,813)	(1,821)	(15,047)	120,884	1,751	6,804
Net amount transferred to profit or loss (Available for sale financial assets)	-	-	-	-	-	-	2,669	-	100	2,669	-	100
Net other comprehensive income to be reclassified to profit or loss	(264,248)	852		120,935	2,478		(273,144)	(1,821)		123,553	1,751	
<i>Other comprehensive income not to be reclassified to profit or loss:</i>												
Actuarial gains and losses on defined benefit plans	-	-	-	-	-	-	1,330	(130)	1,126	1,330	(130)	1,126
Less: Deferred Tax effect on actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	(372)	-	(100)	(372)	-	(100)
Net other comprehensive income not to be reclassified to profit or loss	-	-	-	-	-	-	958	(130)		958	(130)	
Other comprehensive income for the period, net of taxes	(264,248)	852	(31,123)	120,935	2,478	4,779	(272,186)	(1,950)	(13,855)	124,510	1,621	7,580
Total comprehensive income for the period	(110,329)	60,932	(281)	194,467	37,464	419	2,408	80,450	97	256,573	46,143	456
Attributable to:												
Owners of the parent	(110,329)	60,932	(281)	194,467	37,464	419	(33,370)	67,122	(150)	240,337	37,927	534
Non-controlling interest	-	-	-	-	-	-	35,779	13,328	168	16,236	8,216	98
	(110,329)	60,932	(281)	194,467	37,464	419	2,408	80,450	(97)	256,573	46,143	456

INTERIM FINANCIAL STATEMENTS
STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	BANK			GROUP		
	30.06.2016	31.12.2015	Change	30.06.2016	31.12.2015	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
		Audited			Audited	
Assets						
Cash and cash equivalents	2,269,042	1,504,512	51	2,562,619	1,708,685	50
Balances with Central Bank	2,227,241	1,306,812	70	2,227,241	1,306,812	70
Reverse repurchased agreements	368,121	1,513,425	(76)	368,121	1,619,467	(77)
Placements with banks	86,168	284,078	(70)	86,742	294,074	(71)
Derivative financial instruments	3,725	10,621	(65)	3,725	10,621	(65)
Financial investments – Held for trading	4,944,065	8,463,807	(42)	4,944,065	8,463,807	(42)
Loans and receivables to banks	-	-	-	15,991	16,004	(0)
Loans and receivables to other customers	48,513,345	40,095,332	21	54,887,225	45,450,314	21
Other loans and receivables	6,726,806	5,721,549	18	5,967,182	4,951,274	21
Financial investments – Available for sale	13,260,652	8,356,130	59	13,541,316	8,538,559	59
Financial investments – Held to maturity	140,093	140,529	(0)	140,093	140,529	(0)
Investments in subsidiaries	892,364	892,364	0	-	-	-
Property, plant and equipment	878,826	913,814	(4)	1,029,384	1,059,027	(3)
Investment in real estate	-	-	-	232,048	213,274	9
Goodwill and intangible assets	1,128,810	1,118,200	1	1,479,271	1,469,783	1
Income tax recoverable	290,585	208,404	39	290,585	224,555	29
Deferred tax assets	-	-	-	472,389	485,102	(3)
Other assets	571,779	475,909	20	698,135	590,238	18
Total assets	82,301,622	71,005,488	16	88,946,132	76,542,126	16
Liabilities						
Due to banks	7,684,849	6,945,249	11	7,913,085	7,156,388	11
Repurchased agreements	10,026,423	8,242,551	22	9,726,423	7,994,533	22
Due to other customers	45,802,994	37,652,508	22	50,716,345	41,623,921	22
Other borrowed funds	-	-	-	1,359,841	1,281,085	6
Current tax liabilities	-	-	-	181,472	173,498	5
Deferred tax liabilities	33,350	30,089	11	33,815	30,554	11
Other liabilities	1,978,327	1,212,916	63	2,350,991	1,567,079	50
Total liabilities	65,525,943	54,083,312	21	72,281,972	59,827,057	21
Equity						
Stated capital	16,334,782	16,334,782	0	16,334,782	16,334,782	0
Share warrants	65,484	65,484	0	65,484	65,484	0
Statutory reserve fund	79,113	71,417	11	88,320	80,624	10
ESOP reserve	8,518	1,030	727	8,518	1,030	727
Available for sale reserve	(282,477)	(18,229)	(1,450)	(273,234)	(4,576)	(5,871)
Retained earnings	570,259	467,692	22	92,433	(91,502)	201
Total shareholders' equity	16,775,679	16,922,176	(1)	16,316,304	16,385,842	(0)
Non-controlling interests	-	-	-	347,856	329,227	6
Total equity	16,775,679	16,922,176	(1)	16,664,160	16,715,069	(0)
Total equity and liabilities	82,301,622	71,005,488	16	88,946,132	76,542,126	16
Contingent liabilities and commitments	49,529,855	36,045,939	37	49,529,855	36,045,939	37
Net asset value per ordinary share (Rs.)	15.37	15.50	(1)	14.95	15.32	(2)

Memorandum information

Number of Employees	1,139	984
Number of Branches	64	64

BANK	Statutory Reserve		Available for sale		Retained Earnings	Total Equity	
	Stated Capital	Share Warrants	Fund	ESOP Reserve			Reserve
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Balance as at 1 January 2015	16,334,782	65,484	61,782	-	(78)	288,314	16,750,284
Net profit for the period	-	-	-	-	-	60,080	60,080
Other comprehensive Income	-	-	-	-	852	-	852
Total comprehensive Income	-	-	-	-	852	60,080	60,932
Transfers during the period	-	-	3,004	-	-	(3,004)	-
Balance as at 30 June 2015	16,334,782	65,484	64,786	-	774	345,390	16,811,216
Balance as at 1 January 2016	16,334,782	65,484	71,417	1,030	(18,229)	467,692	16,922,176
Net profit for the period	-	-	-	-	-	153,919	153,919
Other comprehensive Income	-	-	-	-	(264,248)	-	(264,248)
Total comprehensive Income	-	-	-	-	(264,248)	153,919	(110,329)
Dividend Paid	-	-	-	-	-	(43,656)	(43,656)
Transfers during the period	-	-	7,696	7,489	-	(7,696)	7,489
Balance as at 30 June 2016	16,334,782	65,484	79,113	8,518	(282,477)	570,259	16,775,679

GROUP	Statutory Reserve		Available for sale		Retained Earnings	Total	Non-controlling Interest	Total Equity	
	Stated Capital	Share Warrants	Fund	ESOP Reserve					Reserve
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	
Balance as at 1 January 2015	16,334,782	65,484	69,169	-	14,085	(298,854)	16,184,665	312,366	16,497,032
Net profit for the period	-	-	-	-	-	68,025	68,025	14,375	82,400
Other comprehensive Income	-	-	-	-	(818)	(86)	(904)	(1,047)	(1,951)
Total comprehensive Income	-	-	-	-	(818)	67,939	67,121	13,328	80,449
Transfers during the period	-	-	3,004	-	-	(3,004)	-	-	-
Dividend Paid	-	-	-	-	-	-	-	(14,700)	(14,700)
Balance as at 30 June 2015	16,334,782	65,484	72,173	-	13,267	(233,919)	16,251,787	310,994	16,562,781
Balance as at 1 January 2016	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	-	-	-	-	-	234,654	234,654	39,940	274,594
Other comprehensive Income	-	-	-	-	(268,658)	634	(268,025)	(4,161)	(272,186)
Total comprehensive Income	-	-	-	-	(268,658)	235,288	(33,370)	35,779	2,408
Transfers during the period	-	-	7,696	7,489	-	(7,696)	7,489	-	7,489
Dividend Paid	-	-	-	-	-	(43,656)	(43,656)	(17,150)	(60,806)
Balance as at 30 June 2016	16,334,782	65,484	88,320	8,518	(273,234)	92,433	16,316,304	347,856	16,664,160

INTERIM FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

Period ended 30 June 2016

	BANK		GROUP	
	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000
Cash Flow from Operating Activities				
Interest received	2,581,307	1,805,249	3,302,787	2,113,080
Fees and commission receipts	120,924	54,784	205,217	130,501
Interest paid	(1,984,913)	(1,046,348)	(2,196,895)	(1,281,428)
Receipts from Other operating activities	264,965	168,580	417,723	183,226
Payments on Other operating activities	(1,324,809)	(995,515)	(1,584,212)	(1,179,902)
Operating Profit/(Loss) before changes in Operating Assets & Liabilities	(342,525)	(13,251)	144,622	(34,523)
(Increase)/Decrease in Operating Assets:				
Balance with Central Bank of Sri Lanka	(920,429)	(35,360)	(920,429)	(35,360)
Funds advanced to customers	(8,340,954)	(7,234,873)	(9,576,704)	(7,754,217)
Others	(88,973)	33,788	(101,001)	47,802
	(9,350,356)	(7,236,445)	(10,598,134)	(7,741,774)
Increase/(Decrease) in Operating Liabilities:				
Due to other customers	8,143,396	6,212,371	8,984,127	6,501,990
Repurchased agreements	1,785,601	-	1,733,619	-
Other liabilities	758,219	137,696	775,326	230,434
	10,687,216	6,350,067	11,493,073	6,732,425
Net Cash from/(used in) Operating Activities before Income Tax	994,335	(899,629)	1,039,561	(1,043,873)
Retiring gratuity paid	(2,808)	-	(2,823)	(601)
Income tax paid	(29,278)	(37,683)	(32,615)	(34,223)
Net Cash from/(used in) Operating Activities	962,249	(937,312)	1,004,123	(1,078,696)
Cash Flow from/(used in) Investing Activities				
Dividends received	16,178	14,048	632	250
Net investment in other financial assets - Held for trading	3,784,939	(2,122,296)	3,784,939	(2,131,432)
Net increase in investment in financial assets - Held to maturity	7,172	(516,122)	7,172	(516,122)
Net increase in investment in financial assets - Available for sale	(4,887,641)	(5,652,208)	(4,993,814)	(5,896,395)
Net increase in debt securities	(985,442)	-	(966,686)	-
Net investment in real estates	-	-	(18,774)	6,822
Purchase of property & equipment	(93,174)	(197,739)	(107,650)	(219,070)
Purchase of intangible assets	(73,667)	(117,416)	(73,272)	(118,522)
Proceeds from sale of property, plant & equipment	405	838	405	838
Net Cash used in Investing Activities	(2,231,230)	(8,590,895)	(2,367,049)	(8,873,629)
Cash Flow from/(used in) Financing Activities				
Increase/decrease in borrowings	726,731	519,836	583,598	590,864
Dividend paid	(43,656)	-	(60,806)	(14,700)
Net Cash used in Financing Activities	683,074	519,836	522,792	576,164
Net Increase/(decrease) in cash and cash equivalents	(585,907)	(9,008,372)	(840,134)	(9,376,162)
Cash and cash equivalents at beginning of the year	3,243,723	12,612,344	3,563,864	13,049,562
Cash and Cash Equivalents at end of the period	2,657,816	3,603,973	2,723,730	3,673,400
Reconciliation of Cash and Cash Equivalents				
Cash in hand and at banks	2,269,042	3,366,544	2,562,619	3,478,870
Reverse repurchased agreements	368,022	-	368,022	-
Placements with banks	86,167	421,046	86,741	421,143
Due to banks	(65,415)	(183,618)	(293,651)	(226,613)
	2,657,816	3,603,973	2,723,730	3,673,400

NOTES TO THE FINANCIAL STATEMENTS

As at 30 June 2016

1 LOANS AND RECEIVABLES TO OTHER CUSTOMERS

	BANK		GROUP	
	30.06.2016 Rs.'000	31.12.2015 Rs.'000 Audited	30.06.2016 Rs.'000	31.12.2015 Rs.'000 Audited
Gross loans and receivables (Note 1.1)	49,099,195	40,663,715	55,915,889	46,420,781
(Less): Individual impairment (Note 1.2)	(222,312)	(204,579)	(469,346)	(430,908)
Collective impairment (Note 1.2)	(363,538)	(363,804)	(559,317)	(539,560)
Net loans and receivables	48,513,345	40,095,332	54,887,225	45,450,314

1.1 Loans and Receivables to other customers - by product

Overdrafts	8,760,711	7,804,094	8,760,711	7,776,506
Trade finance	9,957,310	9,163,730	9,957,310	9,163,730
Pawning	330,377	397,987	330,377	397,987
Staff loans	592,340	520,019	593,476	521,185
Term loans	27,792,395	21,209,689	28,656,047	22,233,000
Lease and Hire purchase	1,258,173	1,164,132	5,354,410	4,591,950
Factoring	407,890	404,064	1,755,738	1,523,938
Others	-	-	507,820	212,486
Gross Loans and Receivables	49,099,195	40,663,715	55,915,889	46,420,781

1.2 Movements in Individual and Collective Impairment for the period

Individual impairment				
Opening balance as at 1 January 2015	204,579	126,310	430,908	761,678
Charge/(Write back) to Statement of Profit or loss	17,733	78,269	38,439	167,034
Net write-off during the period	-	-	-	(497,804)
Closing balance as at 30 June 2016	222,312	204,579	469,346	430,908
Collective impairment				
Opening balance as at 1 January 2015	363,804	487,995	539,560	669,111
Charge/(Write back) to Statement of Profit or loss	695	98,460	20,718	93,100
Net write-off during the period	(961)	(222,651)	(961)	(222,651)
Closing balance as at 30 June 2016	363,538	363,804	559,317	539,560
Total Impairment Balance	585,850	568,384	1,028,663	970,467

2 DUE TO OTHER CUSTOMERS

	BANK		GROUP	
	30.06.2016 Rs.'000	31.12.2015 Rs.'000 Audited	30.06.2016 Rs.'000	31.12.2015 Rs.'000 Audited
Customer Deposits				
Current accounts	3,330,972	2,933,982	3,328,071	2,930,651
Saving accounts	7,252,196	6,104,594	7,044,244	6,100,051
Fixed deposits	32,851,206	26,166,794	37,975,410	30,146,080
Certificate of Deposits	2,368,620	2,447,138	2,368,620	2,447,138
	45,802,994	37,652,508	50,716,345	41,623,921

- 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 subsidiaries, National Asset Management Limited & UB Finance Company Limited and the Special Purpose Entity, Serandib Capital (Private) Limited.

- 3 No material events have been taken place subsequent to the reporting period that require disclosures or/ and adjustment in the Financial Statements.
- 4 Mr. Imtiaz Muhseen, an independent non executive director of union bank resigned from directorship with effect from 1 June 2016

5 Information on Ordinary Shares

Market Value	30.06.2016	31.12.2015
	Rs.	Rs.
Market value	16.50	20.20
Highest price for the quarter	16.70	22.60
Lowest price for the quarter	16.00	20.00

	Corporate		Treasury		SME		Retail		Other Group Companies		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Period ended 30 June												
Interest Income	882,614	481,972	779,208	410,771	1,048,474	956,328	178,973	-	657,471	443,450	3,546,741	2,292,521
Add: Inter-Segment Interest Income	-	-	-	-	-	302,847	1,277,680	-	-	-	1,277,680	302,847
Total Interest Income	882,614	481,972	779,208	410,771	1,048,474	1,259,175	1,456,653	-	657,471	443,450	4,824,421	2,595,368
Less: Interest Expense	181,577	59,709	628,666	65,309	-	733,443	1,167,402	-	339,852	203,995	2,317,497	1,062,456
Less: Inter-Segment Interest Expense	430,009	162,608	89,266	140,239	758,404	-	-	-	-	-	1,277,680	302,847
Net Interest Income	271,028	259,655	61,277	205,223	290,070	525,732	289,250	-	317,619	239,455	1,229,244	1,230,065
Other Income	67,186	40,710	395,433	140,845	46,300	112,677	167,738	-	214,017	93,056	890,674	387,288
Total Net Income	338,214	300,365	456,709	346,068	336,370	638,409	456,989	-	531,636	332,511	2,119,918	1,617,353
Less: Expenses including impairments	242,891	280,250	221,278	303,770	416,062	631,644	569,384	-	282,527	221,721	1,732,142	1,437,385
Segmental Results	95,324	20,115	235,431	42,298	(79,691)	6,765	(112,395)	-	249,109	110,790	387,777	179,968
Less: VAT and NBT on Financial Services											122,649	62,421
Less: Taxation											(9,467)	35,147
Profit after Taxation											274,594	82,400
Cash flow from operating activities	204,904	(240,708)	276,694	(225,940)	203,788	(470,665)	276,863	-	41,874	(141,383)	1,004,123	(1,078,696)
Cash flow from investing activities	(35,441)	(80,719)	(2,112,653)	(8,352,345)	(35,248)	(157,832)	(47,888)	-	(135,819)	(282,733)	(2,367,049)	(8,873,629)
Cash flow from financing activities	-	133,497	683,074	125,307	-	261,032	-	-	(203,938)	56,328	522,792	576,164
As at 30 June												
Other Information												
Segment Assets	23,979,827	17,176,094	25,179,355	15,445,781	19,291,370	17,771,194	6,307,793	-	11,317,786	7,613,821	86,076,132	58,006,890
Unallocated											2,870,000	1,797,787
Consolidated Total Assets											88,946,132	59,804,677
Segment Liabilities	6,272,390	3,010,153	17,411,271	6,956,648	550,077	27,845,640	39,525,624	-	6,909,170	4,651,855	70,668,533	42,464,296
Unallocated											1,613,439	777,601
Consolidated Total Liabilities											72,281,972	43,241,897

INTERIM FINANCIAL STATEMENTS**INFORMATION ON ORDINARY SHARES OF THE BANK**

As at 30 June 2016

TOP 20 SHAREHOLDERS

Name	No. of shares as at 30.06.2016	% 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	23,108,280	2.12%
5 Mr. C.P.A. Wijeyesekera	18,508,468	1.70%
6 Dr. T. Senthilvel	16,270,709	1.49%
7 Mr. D.A.J. Warnakulasuriya	14,842,730	1.36%
8 Ashyaki Holdings (Pvt) Ltd	7,792,506	0.71%
9 Mr. M.D. Samarawickrama	7,660,582	0.70%
10 Mr. S.P. Khattar	7,343,365	0.67%
11 Sterling Holdings (Private) Ltd	7,207,557	0.66%
12 Asian Alliance Insurance PLC – A/C 02 (Life Fund)	6,023,317	0.55%
13 Rosewood (Pvt) Limited – Account No. 1	5,500,698	0.50%
14 EXSAB International Holding Co. for Trading Development	4,202,139	0.39%
15 Anverally and Sons (Pvt) Ltd A/C No 01	4,174,153	0.38%
16 Commercial Agencies (Ceylon) Ltd	4,050,833	0.37%
17 Ajita De Zoysa & Company Limited	4,050,832	0.37%
18 Ceylon Biscuits Limited	2,000,000	0.18%
19 Standard Chartered Bank Singapore S/A HL Bank Singapore Branch	1,990,789	0.18%
20 Ceylon Investment PLC A/C 01	1,940,775	0.18%
	994,567,467	91.13%
Other shareholders	96,838,782	8.87%
Total	1,091,406,249	100.00%

As at 30 June 2016

Number of shares in public holding	239,450,422
Number of public shareholders	33,186
Percentage of public holding	21.94%

DIRECTORS' HOLDING IN SHARES

Name	No. of shares held as at 30.06.2016
Dr. P. Jayendra Nayak	None
Mr. Alexis Indrajit Lovell	23,108,280
Mr. Bodahandi Asoka Keerthi De Silva	8,900
Ms. Sow Lin Chiew (Alternate Director Ms. Yoke Sun Woon)	None
Mr. Priyantha Fernando	None
Mr. Sabry Ghouse	None
Mr. Ranvir Dewan	None
Mr. Gaurav Trehan	None
Mr. Puneet Bhatia	None
Mr. Michael J. O'Hanlon (Alternate Director Mr. Sumedh Jog)	None
Ms. Ayomi Aluwihare	None
Mr. Indrajit Wickramasinghe	None

MEASUREMENT OF FINANCIAL INSTRUMENTS

a. Bank - 30 June 2016

	HFT Rs.	HTM Rs.	L & R Rs.	AFS Rs.	Total Rs.
ASSETS					
Cash and cash equivalents	-	-	2,269,042	-	2,269,042
Balances with Central Bank	-	-	2,227,241	-	2,227,241
Reverse repurchased agreements	-	-	368,121	-	368,121
Placements with banks	-	-	86,168	-	86,168
Derivative financial instruments	3,725	-	-	-	3,725
Other financial assets - Held for trading	4,944,065	-	-	-	4,944,065
Loans and receivables to other customers	-	-	48,513,345	-	48,513,345
Other loans and receivables	-	-	6,726,806	-	6,726,806
Financial investments - Available for sale	-	-	-	13,260,652	13,260,652
Financial investments - Held to maturity	-	140,093	-	-	140,093
Other assets	-	-	80,880	-	80,880
Total financial assets	4,947,790	140,093	60,271,601	13,260,652	78,620,137

	Amortised cost Rs.	Total Rs.
LIABILITIES		
Due to banks	7,684,849	7,684,849
Repurchased agreements	10,026,423	10,026,423
Due to other customers	45,802,994	45,802,994
Other liabilities	1,101,377	1,101,377
Total financial liabilities	64,615,642	64,615,642

b. Bank - 31 December 2015 (Audited)

	HFT Rs.	HTM Rs.	L & R Rs.	AFS Rs.	Total Rs.
ASSETS					
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
Total financial assets	8,474,429	140,529	50,474,748	8,356,130	67,445,836

	Amortised cost Rs.	Total Rs.
LIABILITIES		
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
Total financial liabilities	53,794,501	53,794,501

MEASUREMENT OF FINANCIAL INSTRUMENTS

a. Group - 30 June 2016

	HFT Rs.	HTM Rs.	L & R Rs.	AFS Rs.	Total Rs.
ASSETS					
Cash and cash equivalents	-	-	2,562,619	-	2,562,619
Balances with Central Bank	-	-	2,227,241	-	2,227,241
Reverse repurchased agreements	-	-	368,121	-	368,121
Placements with banks	-	-	86,742	-	86,742
Derivative financial instruments	3,725	-	-	-	3,725
Other financial assets - Held for trading	4,944,065	-	-	-	4,944,065
Loans and receivables to banks	-	-	15,991	-	15,991
Loans and receivables to other customers	-	-	54,887,225	-	54,887,225
Other loans and receivables	-	-	5,967,182	-	5,967,182
Financial investments - Available for sale	-	-	-	13,541,316	13,541,316
Financial investments - Held to maturity	-	140,093	-	-	140,093
Other assets	-	-	80,880	-	80,880
Total financial assets	4,947,790	140,093	66,196,000	13,541,316	84,825,200

	Amortised cost Rs.	Total Rs.
LIABILITIES		
Due to banks	7,913,085	7,913,085
Repurchased agreements	9,726,423	9,726,423
Due to other customers	50,716,345	50,716,345
Other borrowed funds	1,359,841	1,359,841
Other liabilities	1,101,377	1,101,377
Total financial liabilities	70,817,071	70,817,071

b. Group - 31 December 2015 (Audited)

	HFT Rs.	HTM Rs.	L & R Rs.	AFS Rs.	Total Rs.
ASSETS					
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
Total financial assets	8,474,429	140,529	55,421,766	8,538,559	72,575,283

	Amortised cost Rs.	Total Rs.
LIABILITIES		
Due to banks	7,156,388	7,156,388
Repurchased agreements	7,994,533	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
Total financial liabilities	59,273,345	59,273,345

INTERIM FINANCIAL STATEMENTS
SELECTED PERFORMANCE INDICATORS

As at 30 June 2016

Item	BANK	
	30-Jun-16	31-Dec-15
Regulatory Capital Adequacy		
Core Capital (Tier 1 Capital), Rs. '000	15,422,266	15,458,060
Total Capital Base, Rs. '000	15,141,834	15,177,627
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	23.21%	24.41%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	22.78%	23.96%
Assets Quality (Quality of Loan Portfolio)		
Gross Non-Performing Advances Ratio, % (net of interest in suspense)	2.90%	3.55%
Net-Non Performing Advances, % (net of interest in suspense and provision)	2.00%	2.69%
Profitability		
Interest Margin, %	2.55%	3.37%
Return on Assets (Before Tax), %	0.27%	0.34%
Return on Assets (After Tax), %	0.40%	0.32%
Return on Equity (After Tax), %	1.83%	1.14%
Regulatory Liquidity		
Statutory Liquid Assets, Rs. '000		
Domestic Banking Unit	11,267,989	8,966,288
Off-Shore Banking Unit	772,455	621,730
Statutory Liquid Assets Ratio, % (Minimum Requirement, 20%)		
Domestic Banking Unit	22.00%	21.87%
Foreign Currency Banking Unit	21.04%	22.70%

CERTIFICATION:

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

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

(Sgd.)

Malinda Samaratinga
Chief Financial Officer

(Sgd.)

Indrajit Wickramasinghe
Director/ Chief Executive Officer

(Sgd.)

P. Jayendra Nayak
Chairman

Date: 27 July 2016

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+ (Ika) Stable Rating

ICRA : (SL) BBB Stable Rating

Registered Office & Principal Place of Business

No. 64, Galle Road,

Colombo 03, Sri Lanka.

Telephone : +94 11 2374100

Fax: +94 11 2370971

E-mail: ubc@unionb.com

Web Address: WWW.unionb.com

Company Secretary

Nirosha Kannagara

Auditors

M/s. Ernst & Young

Chartered Accountants,

No. 201, De Saram Place,

Colombo 10.