UNION BANK

Key Regulatory Ratios-Capital and Liquidity

As at	BANK		GROUP	
	30-Sep-2019	31-Dec-2018	30-Sep-2019	31-Dec-2018
Regulatory Capital (LKR '000)				
Common Equity Tier 1	14,252,615	15,031,473	14,700,666	15,557,644
Tier 1 Capital	14,252,615	15,031,473	14,700,666	15,557,644
Total Capital	14,549,508	15,031,473	15,409,031	15,557,644
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 2019- 7.0% & 2018 -6.375%)	16.13%	17.41%	15.52%	16.47%
Tier 1 Capital Ratio (Minimum Requirement- 2019 - 8.5% & 2018 - 7.875%)	16.13%	17.41%	15.52%	16.47%
Total Capital Ratio (Minimum Requirement- 2019 - 12.5% & 2018 - 11.875%)	16.46%	17.41%	16.27%	16.47%
Leverage Ratio (Minimum Requirement - 3%)	10.58%	-	10.22%	-
Regulatory Liquidity				
Statutory liquid Assets				
Domestic Banking Unit (LKR'000)	17,885,738	18,006,765		
Off-Shore Banking Unit (USD'000)	14,061	12,791		
Statutory liquid Assets Ratio % (Minimum Requirement-20%)				
Domestic Banking Unit (%)	21.36%	21.77%		
Off -Shore Banking Unit (%)	23.96%	21.14%		
Liquidity Coverage Ratio (%)				
Rupee (Minimum Requirement - 2019 - 100% & 2018 - 90%)	158.20%	335.43%		
All Currency (Minimum Requirement- 2019-100% & 2018- 90%)	124.01%	131.50%		
Net Stable Funding Ratio (Minimum Requirement - 90%)	115.34%	-		

Basel III Computation of Capial Ratio

As at	30-Sep-2019		31-Dec-2018	
	BANK	GROUP	BANK	GROUP
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Common Equity Tier I (CETI) Capital after Adjustments	**14,252,615**	**14,700,666**	**15,031,473**	**15,557,644**
Total Common Equity Tier I (CET1) Capital	**17,112,875**	**16,872,978**	**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)	981,472	587,625	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	-	136,265	-	676,960
Total Adjustments to CET1 Capital	**2,860,260**	**2,172,313**	**2,293,434**	**2,066,482**
Goodwill (net)	-	113,031	-	113,031
Other intangible assets (net)	1,327,360	1,561,545	1,202,533	1,437,513
Deferred tax assets (net)	-	497,737	115,597	515,938
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	774,425	-	975,305	-
Shortfall of capital in financial subsidiaries	758,475	-	-	-
Additional Tier 1 (AT1) Capital after Adjustments	**-**	**-**	**-**	**-**
Total Additional Tier 1 (ATI) Capital	**-**	**-**	**-**	**-**
Total Adjustments to AT1 Capital	**-**	**-**	**-**	**-**
Tier 2 Capital after Adjustments	**296,893**	**708,365**	**-**	**-**
Total Tier 2 Capital	**596,893**	**708,365**	**-**	**-**
General provisions	596,893	708,365	-	-
Total Adjustments to Tier 2 Capital	**300,000**	**-**	**-**	**-**
Investments in the capital of financial institutions and where the bank does not own more than 10 per cent of the issued capital carrying voting rights of the issuing entity	300,000	-	-	-
CET1 Capital	**14,252,615**	**14,700,666**	**15,031,473**	**15,557,644**
Total Tier 1 Capital	**14,252,615**	**14,700,666**	**15,031,473**	**15,557,644**
Total Capital	**14,549,508**	**15,409,031**	**15,031,473**	**15,557,644**

As at			31-Dec-2018	
	BANK	GROUP	BANK	GROUP
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Total Risk Weighted Amount (RWA)	**88,384,788**	**94,699,775**	**86,356,645**	**94,471,678**
RWAs for Credit Risk	75,186,407	80,309,707	74,058,959	80,939,633
RWAs for Market Risk	7,296,364	7,372,000	6,992,096	7,051,323
RWAs for Operational Risk	5,902,017	7,018,068	5,305,589	6,480,721
CET1 Capital Ratio (including Capital Conservation Buffer,Countercyclical Capital Buffer & Surcharge on D-SIBs)(%)	**16.13%**	**15.52%**	**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 (%)	**16.13%**	**15.52%**	**17.41%**	**16.47%**
Total Capital Ratio (including Capital Conservation Buffer,Countercyclical Capital Buffer & Surcharge on D-SIBs)(%)	**16.46%**	**16.27%**	**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	
Item	**Amount (LKR '000)**
	30-Sep-2019
Tier 1 Capital	**14,252,615**
Total Exposure	**134,659,324**
On-balance sheet items (excluding Derivatives and Securities Financing Transactions,but including Collateral)	112,104,230
Derivative Exposures	8,198,824
Securities Financing Transaction Exposures	8,389,135
Other Off -Balance Sheet Exposures	5,967,135
Basel III Leverage Ratio (%) (Tier 1/Total Exposure)	**10.58%**

Basel III Computation of Liquidity Coverage Ratio

As at	30-Sep-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)	**15,442,279**	**15,082,992**	**11,392,892**	**12,762,762**
Total Adjusted Level 1A Assets	**15,442,279**	**15,442,279**	**11,392,892**	**11,392,892**
Level 1 Assets	**15,082,992**	**15,082,992**	**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	**112,727,283**	**21,526,654**	**121,975,905**	**20,943,895**
Deposits	55,420,951	4,806,269	51,600,198	5,151,164
Unsecured Wholesale Funding	25,447,739	16,353,921	29,701,572	13,996,571
Secured funding transaction	-	-	-	-
Undrawn portion of committed (irrevocable) facilities and other contingent funding obligations	19,449,850	1,207,216	40,599,182	1,721,207
Additional requirements	-	-	74,953	74,953
Total Cash inflows	**16,769,156**	**10,204,758**	**19,374,109**	**11,238,548**
Maturing secured lending transactions backed by the following collateral	2,003,300	2,003,300	1,942,955	1,942,948
Committed facilities	-	-	-	-
Other inflows by counterparty which are maturing within 30 days	14,447,085	297,476	16,660,667	9,295,599
Operational deposits	616,071	-	770,486	-
Other cash inflows	-	21,295	-	-
Liquidity Coverage Ratio,(%)(Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calender Days)*100		**124%**		**132%**

Main Features of Regulatory Capital Instruments

As at	30-Sep-2019	
	BANK	GROUP
	Rs.'000	Rs.'000
Description of the Capital Instrument	**-**	**-**
Issuer	-	-
Unique Identifier	-	-
Governing Law(s) of the Instrument	-	-
Orginal Date of Issuance	-	-
Par Value of Instrument	-	-
Perpetual or Dated	-	-
Orginal Maturity Date.if Applicable	-	-
Amount Recongnized in Regulatory Capital (in LKR '000 as at the Reporting Date)	14,252,615 *	14,700,666**
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	-	-
Coupon Rate and any Related Index	-	-
Non-Cumulative or Cumulative	-	-
Convertible or Non-Convertible	**-**	**-**
If Convertible ,Conversion Trigger (s)	-	-
If Convertible ,Fully or Partially	-	-
If Convertible ,Mandatory or Optional	-	-
If Convertible ,Conversion Rate	-	-

Note :
* Tier 1 & Tier 2 Insruments not yet issued.

Credit Risk under Standardised Approach-Credit Risk Exposures and Credit Risk Mitigation (CRM) Effects

30-Sep-2019	BANK					
	Exposures before Credit Conversion Factor (CCF) and CRM		Exposures post (CCF) and CRM		RWA and RWA Density	
Asset Classes	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	8,351,379	-	8,351,379	-	627,069	-
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	1,103,747	71,612	1,103,747	71,612	488,844	42%
Claims on Financial Institutions	6,494,612	226,685	6,494,612	226,685	5,377,300	80%
Claims on Corporates	26,653,401	6,838,731	26,653,401	626,775	24,570,442	90%
Retail Claims	25,778,666	18,163,800	21,123,173	5,041,320	21,354,262	82%
Claims Secured by Residential Property	8,646,826	-	8,646,826	-	7,692,851	89%
Claims Secured by Commercial Real Estate	6,883,447	-	6,883,447	-	6,883,447	100%
Non-Performing Assets (NPAs)	4,534,088	-	4,534,088	-	5,255,252	116%
Higher-risk Categories	157,855	-	157,855	-	394,638	250%
Cash Items and Other Assets	6,785,038	744	4,536,979	744	2,542,303	56%
Total	**95,389,060**	**25,301,571**	**88,485,507**	**5,967,135**	**75,186,407**	**85%**

30-Sep-2019	GROUP					
	Exposures before Credit Conversion Factor (CCF) and CRM		Exposures post (CCF) and CRM		RWA and RWA Density	
Asset Classes	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	8,922,706	-	8,922,706	-	627,069	7%
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	1,290,146	71,612	1,361,758	71,612	570,634	42%
Claims on Financial Institutions	6,189,844	226,685	6,189,844	226,685	5,224,916	84%
Claims on Corporates	26,653,401	6,838,731	26,653,401	626,775	24,570,442	92%
Retail Claims	32,151,491	18,163,800	27,495,997	5,041,320	25,961,720	94%
Claims Secured by Residential Property	8,646,826	-	8,646,826	-	7,692,851	89%
Claims Secured by Commercial Real Estate	7,001,848	-	7,001,848	-	7,001,848	100%
Non-Performing Assets (NPAs)	5,294,729	-	5,294,729	-	5,764,011	109%
Higher-risk Categories	-	-	-	-	-	0%
Cash Items and Other Assets	8,023,533	744	4,939,522	744	2,896,216	59%
Total	**104,174,524**	**25,301,571**	**96,506,631**	**5,967,135**	**80,309,707**	**83%**

Note :

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

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

Market Risk under Standardised Measurment Method

30-Sep-2019	Risk Weighted Assets	
	BANK	GROUP
	Rs.'000	Rs.'000
(a)RWA for Interest Rate Risk	**563,172**	**563,172**
General Interest Rate Risk	563,172	563,172
(I) Net Long or Short Position	563,172	563,172
(II) Horizontal Disallowance	-	-
(iii) Vertical Disallowance	-	-
(iv) Options	-	-
Specific Interest Rate Risk	**-**	**-**
(b)RWA for Equity	**340,707**	**350,161**
(i) General Equity Risk	170,353	175,168
(ii) Specific Equity Risk	170,353	174,993
(C)RWA for Foreign Exchange & Gold	**8,166**	**8,166**
Capital Charge for Market Risk [(a)+(b)+(c)] * CAR	**7,296,364**	**7,372,000**

Operational Risk under Basic Indicator Approach/The Standardised Approach/The Alternative Standardised Approach

30-Sep-2019	Capital Charge Factor	Fixed Factor	BANK Gross Income			Capital Charge Factor	GROUP Gross Income		
			1st Year Rs.'000	2nd Year Rs.'000	3rd Year Rs.'000		1st Year Rs.'000	2nd Year Rs.'000	3rd Year Rs.'000
The Basic Indicator Approach	**15%**		4,132,431	4,794,812	5,827,799		4,994,613	5,804,080	6,746,476
The Standardised Approach			-	-	-		-	-	-
Corporate Finance	18%		-	-	-		-	-	-
Trading and Sales	18%		-	-	-		-	-	-
Payment and Settlement	18%		-	-	-		-	-	-
Agency Services	15%		-	-	-		-	-	-
Asset Management	12%		-	-	-		-	-	-
Retail Brokerage	12%		-	-	-		-	-	-
Retail Banking	12%		-	-	-		-	-	-
Commercial Banking	15%		-	-	-		-	-	-
The Alternative Standardised Approach									
Corporate Finance	18%		-	-	-		-	-	-
Trading and Sales	18%		-	-	-		-	-	-
Payment and Settlement	18%		-	-	-		-	-	-
Agency Services	15%		-	-	-		-	-	-
Asset Management	12%		-	-	-		-	-	-
Retail Brokerage	12%		-	-	-		-	-	-
Retail Banking	12%	0.035	-	-	-		-	-	-
Commercial Banking	15%	0.035	-	-	-		-	-	-
Capital Charges for Operational Risk (LKR'000)									
The Basic Indicator Approach	737,752					877,258			
The Standardised Approach									
The Alternative Standardised Approach									
Risk-Weighted Amount for Operational Risk (LKR'000)									
The Basic Indicator Approach	5,902,017					7,018,068			
The Standardised Approach									
The Alternative Standardised Approach									

Differnce between Accounting and Regulatory Scopes and Mapping of Financial Statement Categories with Regulatory Risk Categories-Bank Only

30-Sep-2019	a	b	c	d	e
	Carrying Valves as Reported in Published Financial Statements	Carrying Valves 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	**115,574,228**	**115,891,761**	**86,656,876**	**19,689,046**	**9,005,337**
Cash and cash equivalents	2,417,051	2,475,224	2,475,224	-	-
Balances with Central Bank of Sri Lanka	2,154,367	2,154,367	2,154,367	-	-
Placements with Banks	56,985	56,985	56,985	-	-
Reverse repurchased agreements	584,149	584,091	584,091	-	-
Derivative financial instruments	25,590	-	-	-	-
Financial investments at fair value through profit or loss	2,517,713	19,689,046	-	19,689,046	-
Financial assets at amortised cost - loans and advances to customers	74,997,809	75,097,971	68,194,433	-	6,903,552
Financial assets at amortised cost - debt and other instruments	11,107,302	10,977,218	10,677,218	-	300,000
Financial investments at fair value through other comprehensive income	17,499,679	-	-	-	-
Current tax assets	64,640	-	-	-	-
Investments in real estate	-	-	-	-	-
Investments in subsidiaries	932,280	1,172,797	157,855	-	474,425
Goodwill and intangible assets	1,327,360	1,327,360	-	-	1,327,360
Property, plant and equipment	752,438	752,002	752,002	-	-
Deferred tax assets	-	-	-	-	-
Other assets	1,136,865	1,604,699	1,604,699	-	-
Liabilities	**98,198,354**	**98,316,675**	**-**	**-**	**-**
Due to Banks	12,411,746	11,403,514	-	-	-
Derivative financial instruments	2,013	-	-	-	-
Repurchased agreements	7,945,154	-	-	-	-
Due to other customers	74,707,078	73,414,677	-	-	-
Other borrowings	1,277,203	9,155,981	-	-	-
Current tax liabilities	-	-	-	-	-
Deferred tax liabilities	24,454	-	-	-	-
Other liabilities	1,830,707	4,342,503	-	-	-
Off -balance sheet liabilities	**25,222,652**	**21,401,392**	**21,401,392**	**-**	**-**
Guarantees	5,182,541	5,182,541	5,182,541	-	-
Performance bonds	2,635,541	2,635,541	2,635,541	-	-
Letter of credits	2,047,954	2,047,954	2,047,954	-	-
Other contingent items	6,374,120	6,374,120	6,374,120	-	-
Undrawn loan commitments	3,900,179	-	-	-	-
Other commitments	5,082,317	5,161,235	5,161,235	-	-
Equity					
Stated capital	16,334,782	16,334,782	-	-	-
Share warrants	65,484	65,484	-	-	-
Statutory reserve fund	166,513	95,439	-	-	-
ESOP reserve	51,715	52,816	-	-	-
Fair value reserve	23,745	-	-	-	-
Retained earnings	733,635	849,959	-	-	-
Total equity attributable to equity holders of the bank	17,375,874	17,398,479	-	-	-
Total equity	17,375,874	17,575,086	-	-	-
Total equity and liabilities	**115,574,228**	**115,891,761**	**-**	**-**	**-**

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.