



INTERIM FINANCIAL STATEMENTS

For the period ended 30 September 2016



Union Bank's impressive business performance drives results for 9 months ended Sep 16

Group Performance

Net Profit grows 148% Year-on-Year (YoY) to Rs.415Mn

Operating Income grows 34% YoY to Rs.3,346Mn

Total Assets increased 22% YTD to Rs.93,577Mn

Bank's Performance

Net Profit grows 125% YoY to Rs.262Mn

Operating Income grows by 30% YoY to Rs.2,685Mn

Net NPL ratio reduced to 1.9% reflecting further improvement in asset quality

Net Loans and advances grew 31% YTD to Rs.52,418Mn

Customer Deposits grew 32% YTD to Rs.49,589Mn

Total Assets increased 22% YTD to Rs.86,783Mn

Union Bank of Colombo PLC (The Bank) and its subsidiaries UB Finance Co. Ltd and National Asset Management Ltd (The Group) have recorded a combined Group Profit after Tax (PAT) of Rs.415Mn, reporting a notable increase of 148% Year on Year (YoY) during the first nine months of 2016.

Core Banking Growth and Profitability

The Bank's post tax profit for the period was Rs.262Mn, a 125% increase YoY.

Reflecting steady progress, Total operating income of the Bank grew by 30% YoY to Rs.2,685Mn. Reflecting strong Core Banking performance, Interest Income grew by 66% YoY to Rs.4,951Mn. Interest Expense grew by 128% YoY to Rs.3,301Mn. As a result, NII grew by 7% YoY to Rs.1,651Mn. The Bank's fee and commission income of Rs.239Mn is an increase of 57% over the comparative period with fee income from business lending, cards and trade transactions being the primary contributors of the said impressive growth. Other income grew significantly by 104% to Rs.846Mn. 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 1.9% from 2.7% in December 2015 with a corresponding reduction in impairment charges from the comparative period. Total Impairment charge for the period is Rs.38Mn and reflected a 72% reduction YoY.

PRESS RELEASE

The Bank's total operating expenses increased by 31% to Rs.2,226Mn primarily due to investment spending on new branches, ATMs, staff and technology in line with the strategic plan.

The Bank remains well capitalised with a strong core capital adequacy ratio of 23% and a total capital adequacy ratio of 22%.

The Bank's balance sheet expanded by 22% YTD to reach Rs.86,783Mn. Loans and advances grew by 31% to Rs.52,418Mn during the period under review, while the customer deposits reflected a growth of 32% to Rs.49,589Mn.

Operational Performance

The continuous improvement of the Bank's financial performance, affirms the success of the concerted efforts of Union Bank in its new strategic focus following the land mark investment from TPG - one of the largest, global private investment firms.

Key operational and business performance enhancers implemented up to the 3rd quarter of 2016 have contributed to the continuous growth of Union Bank's financial performance, while strengthening its new positioning as a fully-fledged commercial bank serving a diverse clientele including Retail, SME and Corporate segments. Such crucial strategic steps implemented by the Bank includes efficiency enhancements, channel development as well as portfolio diversification.

In line with Union Bank's mandate to deliver greater banking convenience, the bank extended its reach within the Western Province with the opening of its 65th branch in Borella in July 2016. The branch located at No 40, Gnanartha Pradeepa Mawatha in Colombo 08 offers a comprehensive portfolio of products and services including Retail, Corporate and SME banking solutions; delivered in an open, customer centric and welcoming ambience that provides a redefined banking experience with greater convenience and better engagement of customers.

Facilitating further convenience and ease of access, Union Bank expanded its off-site ATM network to 53 ATMs by the end of the 3rd quarter of 2016, increasing its overall ATM network to 119. 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 more versatility to its Retail Banking portfolio, In September 2016 Union Bank announced the launch of Union Bank Invest Plus- a systematic investment plan designed to reward the commitment of prudent savers who are willing to save on a continuous basis. This pragmatic addition to the range of Retail Banking solutions offered by the Bank is expected to help clients to follow a disciplined savings routine to enjoy a guaranteed return on their savings. The new product which aims to build long term relationships with clients while channeling continued deposit inflows is expected to make significant contributions to the Bank' deposit portfolio.



PRESS RELEASE

The Bank continued strong growth across SME, Corporate and Retail banking segments in the 3rd quarter of 2016. The innovative cash management solution which was launched within the 2nd quarter of the year, showed increased customer uptake, contributing to the portfolio expansion.

Commenting on the performance of the Bank, **Director/Chief Executive Officer of Union Bank Mr. Indrajit Wickramasinghe** said, “Union Bank’s first 9 months’ results are impressive, given the changes taking place in the market space. The growth achieved despite macro-economic challenges, can be attributed to the operational excellence and the renewed strategic business focus of the Bank. In a bid to continue this growth momentum for the remainder of the year, Union Bank will continue to harness the benefits of its operational efficiencies while continuing to diversify our product portfolio and delivery channels to cater to the growing customer bases. 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, while taking on the challenges and opportunities that would emerge within the final quarter of 2016 and beyond.”

-Ends-

	BANK						GROUP					
	For the nine months ended			For the quarter ended			For the nine months ended			For the quarter ended		
	30.09.2016 Rs.000	30.09.2015 Rs.000	Change %	30.09.2016 Rs.000	30.09.2015 Rs.000	Change %	30.09.2016 Rs.000	30.09.2015 Rs.000	Change %	30.09.2016 Rs.000	30.09.2015 Rs.000	Change %
Interest income	4,951,393	2,988,104	66	1,979,405	1,083,079	83	5,854,509	3,581,047	63	2,307,768	1,288,793	79
Less: Interest expenses	3,300,569	1,450,400	128	1,307,079	584,701	124	3,819,041	1,747,597	119	1,501,544	685,141	119
Net interest income	1,650,824	1,537,704	7	672,326	498,377	35	2,035,467	1,833,450	11	806,223	603,652	34
Fee and commission income	238,842	152,247	57	86,347	75,746	14	380,852	283,986	34	132,725	124,659	6
Less: Fee and commission expenses	51,120	31,854	60	19,550	10,138	93	69,581	42,676	63	26,672	13,849	93
Net fee and commission income	187,722	120,392	56	66,797	65,609	2	311,271	241,311	29	106,053	110,810	(4)
Net gain from trading	355,474	148,424	139	77,721	69,313	12	355,474	148,424	139	77,721	69,313	12
Other operating income (net)	490,835	265,877	85	212,855	88,783	140	643,903	275,842	133	236,199	97,898	141
Total operating income	2,684,855	2,072,398	30	1,029,698	722,083	43	3,346,115	2,499,027	34	1,226,196	881,674	39
Less: Impairment charge												
Individual Impairment	30,972	63,586	(51)	13,238	20,144	(34)	84,189	110,900	24	45,750	29,786	(54)
Collective Impairment	7,563	73,264	(90)	6,868	9,850	(30)	25,614	76,077	(66)	4,896	18,651	(74)
Net operating income	2,646,320	1,935,548	37	1,009,593	692,089	46	3,236,312	2,312,050	40	1,175,550	833,237	41
Less: Personnel Expenses	1,015,640	718,229	41	359,447	250,594	43	1,183,957	854,569	39	416,947	301,845	38
Depreciation & Amortisation	292,294	245,931	19	102,140	87,015	17	310,005	265,061	17	109,991	93,876	17
Other expenses	918,325	741,525	24	331,946	259,268	28	1,092,218	878,914	24	386,257	303,978	27
Operating profit before value added tax (VAT) and nation building tax (NBT) on financial services	420,061	229,863	83	216,060	95,212	127	650,133	313,507	107	262,355	133,538	96
Less: VAT and NBT on financial services	176,427	86,395	104	76,702	32,122	139	205,253	97,701	110	82,604	35,279	134
Profit before tax	243,634	143,468	70	139,358	63,090	121	444,879	215,806	106	179,751	98,259	83
Less: Tax expenses	(18,292)	26,798	(168)	31,349	6,501	382	30,123	48,442	(38)	39,590	13,295	198
Profit for the period	261,926	116,670	125	108,009	56,590	91	414,756	167,364	148	140,161	84,964	65
Profit Attributable to:												
Owners of the parent	261,926	116,670	125	108,009	56,590	91	367,832	144,713	154	133,177	76,687	74
Non-controlling interest	-	-	-	-	-	-	46,924	22,652	107	6,984	8,277	(16)
	261,926	116,670	125	108,009	56,590	91	414,756	167,364	148	140,161	84,964	65
Earnings per share on profit												
Earnings per share - Basic							0.34	0.13	159	0.12	0.07	74
Earnings per share - Diluted							0.32	0.11	191	0.12	0.06	100

STATEMENT OF COMPREHENSIVE INCOME

Period ended 30 September 2016

	BANK						GROUP					
	For the nine months ended			For the quarter ended			For the nine months ended			For the quarter ended		
	30.09.2016 Rs.'000	30.09.2015 Rs.'000	Change %	30.09.2016 Rs.'000	30.09.2015 Rs.'000	Change %	30.09.2016 Rs.'000	30.09.2015 Rs.'000	Change %	30.09.2016 Rs.'000	30.09.2015 Rs.'000	Change %
Profit for the period	261,926	116,670	125	108,009	56,590	91	414,756	167,364	148	140,161	84,964	65
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	(83,423)	(1,722)	4,745	180,824	(2,574)	(7,125)	(90,199)	(6,745)	(1,237)	185,613	(4,925)	(3,869)
Net amount transferred to profit or loss (Available for sale financial assets)	-	-	-	-	-	-	3,033	-	100	365	-	100
Net other comprehensive income to be reclassified to profit or loss	(83,423)	(1,722)		180,824	(2,574)		(87,166)	(6,745)		185,978	(4,925)	
<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	-	-	100
Less: Deferred Tax effect on actuarial gains/(losses) on defined benefit plans	-	-	-	-	-	-	(372)	-	(100)	-	-	(100)
Net other comprehensive income not to be reclassified to profit or loss	-	-	-	-	-	-	958	(130)		-	-	
Other comprehensive income for the period, net of taxes	(83,423)	(1,722)	4,745	180,824	(2,574)	(7,125)	(86,208)	(6,875)	(1,154)	185,978	(4,925)	(3,876)
Total comprehensive income for the period	178,503	114,948	55	288,833	54,016	435	328,548	160,489	(105)	326,139	80,039	307
Attributable to:												
Owners of the parent	178,503	114,948	55	288,833	54,016	435	283,315	140,014	102	316,685	72,892	334
Non-controlling interest	-	-	-	-	-	-	45,233	20,475	121	9,454	7,147	32
	178,503	114,948	55	288,833	54,016	435	328,548	160,489	105	326,139	80,039	307

INTERIM FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

As at 30 September 2016

	BANK			GROUP		
	30.09.2016	31.12.2015	Change	30.09.2016	31.12.2015	Change
	Rs.'000	Rs.'000	%	Rs.'000	Rs.'000	%
				Audited		
Assets						
Cash and cash equivalents	2,457,887	1,504,512	63	2,761,670	1,708,685	62
Balances with Central Bank	2,355,439	1,306,812	80	2,355,439	1,306,812	80
Reverse repurchased agreements	574,758	1,513,425	(62)	574,758	1,619,467	(65)
Placements with banks	1,974,854	284,078	595	1,981,746	294,074	574
Derivative financial instruments	5,651	10,621	(47)	5,651	10,621	(47)
Financial investments – Held for trading	3,059,215	8,463,807	(64)	3,059,215	8,463,807	(64)
Loans and receivables to banks	-	-		-	16,004	(100)
Loans and receivables to other customers	52,418,239	40,095,332	31	59,172,237	45,450,314	30
Other loans and receivables	7,107,026	5,721,549	24	6,062,308	4,951,274	22
Financial investments – Available for sale	12,732,484	8,356,130	52	13,054,058	8,538,559	53
Financial investments – Held to maturity	138,203	140,529	(2)	138,203	140,529	(2)
Investments in subsidiaries	892,364	892,364	0	-	-	
Property, plant and equipment	881,955	913,814	(3)	1,056,380	1,059,027	(0)
Investment in real estate	-	-		207,644	213,274	(3)
Goodwill and intangible assets	1,145,165	1,118,200	2	1,496,349	1,469,783	2
Income tax recoverable	284,768	208,404	37	284,768	224,555	27
Deferred tax assets	-	-		466,329	485,102	(4)
Other assets	754,723	475,909	59	899,949	590,238	52
Total assets	86,782,731	71,005,488	22	93,576,704	76,542,126	22
Liabilities						
Due to banks	8,616,113	6,945,249	24	9,029,440	7,156,388	26
Repurchased agreements	9,387,195	8,242,551	14	9,159,146	7,994,533	15
Due to other customers	49,589,296	37,652,508	32	54,485,879	41,623,921	31
Other borrowed funds	-	-		1,195,397	1,281,085	(7)
Current tax liabilities	-	-		176,990	173,498	2
Deferred tax liabilities	33,350	30,089	11	33,815	30,554	11
Other liabilities	2,087,207	1,212,916	72	2,500,679	1,567,079	60
Total liabilities	69,713,161	54,083,312	29	76,581,346	59,827,057	28
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	84,513	71,417	18	93,720	80,624	16
ESOP reserve	13,577	1,030	1219	13,577	1,030	1219
Available for sale reserve	(101,652)	(18,229)	(458)	(89,726)	(4,576)	(1,861)
Retained earnings	672,866	467,692	44	220,211	(91,502)	341
Total shareholders' equity	17,069,570	16,922,176	1	16,638,048	16,385,842	2
Non-controlling interests	-	-		357,310	329,227	9
Total equity	17,069,570	16,922,176	1	16,995,358	16,715,069	2
Total equity and liabilities	86,782,731	71,005,488	22	93,576,704	76,542,126	22
Contingent liabilities and commitments	46,698,510	36,045,939	30	46,698,510	36,045,939	30
Net asset value per ordinary share (Rs.)	15.64	15.50	1	15.24	15.32	(0)

Memorandum information

Number of Employees	1,171	984
Number of Branches	65	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	-	-	-	-	-	116,670	116,670
Other comprehensive Income	-	-	-	-	(1,722)	-	(1,722)
Total comprehensive Income	-	-	-	-	(1,722)	116,670	114,948
Transfers during the period	-	-	5,834	-	-	(5,834)	-
Balance as at 30 September 2015	16,334,782	65,484	67,616	-	(1,801)	399,151	16,865,232
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	-	-	-	-	-	261,926	261,926
Other comprehensive Income	-	-	-	-	(83,423)	-	(83,423)
Total comprehensive Income	-	-	-	-	(83,423)	261,926	178,503
Dividend Paid	-	-	-	-	-	(43,656)	(43,656)
Fair value of ESOP	-	-	-	12,547	-	-	12,547
Transfers during the period	-	-	13,096	-	-	(13,096)	-
Balance as at 30 September 2016	16,334,782	65,484	84,513	13,577	(101,652)	672,866	17,069,570

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	-	-	-	-	-	144,713	144,713	22,652	167,364
Other comprehensive Income	-	-	-	-	(4,613)	(86)	(4,699)	(2,176)	(6,875)
Total comprehensive Income	-	-	-	-	(4,613)	144,627	140,014	20,475	160,489
Transfers during the period	-	-	3,004	-	-	(3,004)	-	-	-
Dividend Paid	-	-	-	-	-	-	-	(14,700)	(14,700)
Balance as at 30 September 2015	16,334,782	65,484	72,173	-	9,472	(157,232)	16,324,680	318,142	16,642,821
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	-	-	-	-	-	367,831	367,831	46,924	414,755
Other comprehensive Income	-	-	-	-	(85,150)	634	(84,516)	(1,691)	(86,207)
Total comprehensive Income	-	-	-	-	(85,150)	368,465	283,315	45,233	328,548
Fair value of ESOP	-	-	-	12,547	-	-	12,547	-	12,547
Transfers during the period	-	-	13,096	-	-	(13,096)	-	-	-
Dividend Paid	-	-	-	-	-	(43,656)	(43,656)	(17,150)	(60,806)
Balance as at 30 September 2016	16,334,782	65,484	93,720	13,577	(89,726)	220,211	16,638,048	357,310	16,995,358

INTERIM FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS

Period ended 30 September 2016

	BANK		GROUP	
	2016 Rs.'000	2015 Rs.'000	2016 Rs.'000	2015 Rs.'000
Cash Flow from Operating Activities				
Interest received	4,546,898	2,833,607	5,620,741	3,283,640
Fees and commission receipts	187,721	120,392	311,270	241,311
Interest paid	(3,003,579)	(1,537,487)	(3,517,761)	(1,884,848)
Receipts from Other operating activities	478,387	254,832	659,548	278,227
Payments on Other operating activities	(2,082,845)	(1,533,174)	(2,463,838)	(1,816,156)
Operating Profit/(Loss) before changes in Operating Assets & Liabilities	126,583	138,170	609,961	102,175
(Increase)/Decrease in Operating Assets:				
Balance with Central Bank of Sri Lanka	(1,048,627)	(186,188)	(1,048,627)	(186,188)
Funds advanced to customers	(12,200,298)	(12,201,887)	(13,869,860)	(13,460,621)
Others	(273,843)	(53,452)	(304,738)	(61,880)
	(13,522,768)	(12,441,527)	(15,223,224)	(13,708,690)
Increase /(Decrease) in Operating Liabilities:				
Due to other customers	11,730,386	12,443,678	12,655,535	13,385,936
Repurchased agreements	1,127,760	-	1,147,729	-
Other liabilities	879,755	78,530	936,387	204,066
	13,737,901	12,522,208	14,739,652	13,590,001
Net Cash from/(used in) Operating Activities before Income Tax	341,716	218,851	126,389	(16,514)
Retiring gratuity paid	(20,488)	(6,411)	(20,503)	(7,536)
Income tax paid	(54,787)	(48,070)	(64,687)	(58,735)
Net Cash from/(used in) Operating Activities	266,441	164,370	41,199	(82,784)
Cash Flow from/(used in) Investing Activities				
Dividends received	16,205	14,126	659	695
Net investment in other financial assets - Held for trading	5,750,305	(3,817,450)	5,750,305	(3,817,450)
Net increase in investment in financial assets - Held to maturity	7,138	190	7,138	190
Net increase in investment in financial assets - Available for sale	(4,325,020)	(6,033,697)	(4,466,950)	(6,163,813)
Net increase in debt securities	(1,275,455)	(2,663,491)	(956,566)	(2,666,898)
Net investment in real estates	-	-	5,630	17,588
Purchase of property & equipment	(161,879)	(287,355)	(207,517)	(322,463)
Purchase of intangible assets	(126,503)	(184,698)	(127,280)	(185,718)
Proceeds from sale of property, plant & equipment	586	-	586	-
Net Cash used in Investing Activities	(114,623)	(12,971,456)	6,004	(13,136,949)
Cash Flow from/(used in) Financing Activities				
Increase/decrease in borrowings	1,649,154	3,408,614	1,231,600	3,438,119
Dividend paid	(43,656)	-	(60,806)	(14,700)
Net Cash from Financing Activities	1,605,497	3,408,614	1,170,793	3,423,419
Net Increase/(decrease) in cash and cash equivalents	1,757,315	(9,398,472)	1,217,997	(9,796,315)
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	5,001,038	3,213,873	4,781,861	3,253,247
Reconciliation of Cash and Cash Equivalents				
Cash in hand and at banks	2,457,887	2,894,056	2,761,670	3,039,760
Reverse repurchased agreements	572,080	-	572,080	-
Placements with banks	1,974,840	371,911	1,981,732	373,971
Due to banks	(3,769)	(52,095)	(533,621)	(160,484)
	5,001,038	3,213,873	4,781,861	3,253,247

NOTES TO THE FINANCIAL STATEMENTS

As at 30 September 2016

1 LOANS AND RECEIVABLES TO OTHER CUSTOMERS

	BANK		GROUP	
	30.09.2016 Rs.'000	31.12.2015 Rs.'000 Audited	30.09.2016 Rs.'000	31.12.2015 Rs.'000 Audited
Gross loans and receivables (Note 1.1)	53,024,061	40,663,715	60,251,412	46,420,781
(Less): Individual impairment (Note 1.2)	(235,551)	(204,579)	(515,097)	(430,908)
Collective impairment (Note 1.2)	(370,271)	(363,804)	(564,078)	(539,560)
Net loans and receivables	52,418,239	40,095,332	59,172,237	45,450,314

1.1 Loans and Receivables to other customers - by product

Overdrafts	9,268,423	7,804,094	9,151,896	7,776,506
Trade finance	10,160,904	9,163,730	10,160,904	9,163,730
Pawning	230,789	397,987	230,789	397,987
Staff loans	638,758	520,019	638,833	521,185
Term loans	31,092,971	21,209,689	32,331,211	22,233,000
Lease and Hire purchase	1,261,472	1,164,132	5,628,795	4,591,950
Factoring	370,744	404,064	1,802,076	1,523,938
Others	-	-	306,908	212,486
Gross Loans and Receivables	53,024,061	40,663,715	60,251,412	46,420,781

1.2 Movements in Individual and Collective Impairment for the period

Individual impairment				
Opening balance as at 1 January	204,579	126,310	430,908	761,678
Charge/(Write back) to Statement of Profit or loss	30,972	78,269	84,189	167,034
Net write-off during the period	-	-	-	(497,804)
Closing balance as at 30 September	235,551	204,579	515,097	430,908
Collective impairment				
Opening balance as at 1 January	363,804	487,995	539,560	669,111
Charge/(Write back) to Statement of Profit or loss	7,563	98,460	25,614	93,100
Net write-off during the period	(1,096)	(222,651)	(1,096)	(222,651)
Closing balance as at 30 September	370,271	363,804	564,078	539,560
Total Impairment Balance	605,822	568,384	1,079,175	970,467

2 DUE TO OTHER CUSTOMERS

	BANK		GROUP	
	30.09.2016 Rs.'000	31.12.2015 Rs.'000 Audited	30.09.2016 Rs.'000	31.12.2015 Rs.'000 Audited
Customer Deposits				
Current accounts	3,155,117	2,933,982	3,152,113	2,930,651
Saving accounts	8,548,035	6,104,594	8,501,271	6,100,051
Fixed deposits	35,641,663	26,166,794	40,588,014	30,146,080
Certificate of Deposits	2,244,481	2,447,138	2,244,481	2,447,138
	49,589,296	37,652,508	54,485,879	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 other than mentioned below;
 - 3.1 Mr. Imtiaz Muhseen, an independent non executive director of union bank resigned from directorship with effect from 1 June 2016
 - 3.2 Mr. Yudhishtan Kanagasabai has been appointed as an independent non executive director of Union bank with effect from 27 July 2016.
 - 3.3 Mr. Alexis Indrajith Lovell, Deputy Chairman of Union bank retired from the directorship with effect from 27 September 2016 after completing his 9 year service period.

4 Information on Ordinary Shares

Market Value	30.09.2016	30.09.2015
	Rs.	Rs.
Market value	17.00	21.50
Highest price for the quarter	17.60	25.00
Lowest price for the quarter	15.70	21.40

	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
Period ended 30 September												
Interest Income	1,481,971	835,114	1,340,854	643,708	1,750,074	1,417,565	295,592		986,149	684,660	5,854,640	3,581,047
Add: Inter-Segment Interest Income	-	-	567,834	-	-	459,246	1,949,398		-	-	2,517,231	459,246
Total Interest Income	1,481,971	835,114	1,908,688	643,708	1,750,074	1,876,811	2,244,990		986,149	684,660	8,371,872	4,040,294
Less: Interest Expense	307,170	110,511	1,056,753	197,228	1,830	1,153,811	1,925,195		528,226	286,047	3,819,173	1,747,597
Less: Inter-Segment Interest Expense	1,048,353	303,439		155,807	1,468,878	-	-			-	2,517,231	459,246
Net Interest Income	126,448	421,164	851,935	290,673	279,366	723,000	319,795		457,923	398,614	2,035,467	1,833,450
Other Income	109,396	64,769	542,801	276,056	243,743	175,637	119,609		294,862	149,115	1,310,410	665,577
Total Net Income	235,844	485,933	1,397,817	566,729	523,109	898,637	439,404		749,704	547,729	3,345,878	2,499,027
Less: Expenses including impairments	152,528	441,849	418,157	530,442	659,220	870,245	724,956		457,256	342,985	2,695,746	2,185,520
Segmental Results	83,316	44,084	979,660	36,287	(136,111)	28,392	(285,552)	-	292,448	204,743	650,132	313,507
Less: VAT and NBT on Financial Services											205,253	97,701
Less: Taxation											30,123	48,442
Profit after Taxation											414,756	167,364
Cash flow from operating activities	24,204	46,912	143,456	39,453	53,686	78,005	45,095		(159,151)	(247,155)	41,199	(82,784)
Cash flow from investing activities	(26,144)	(134,464)	18,219	(12,613,407)	(57,989)	(223,585)	(48,710)		(188,337)	(165,493)	(294,128)	(13,136,949)
Cash flow from financing activities	-	-	1,605,497	3,408,614	-	-	-		(134,572)	14,805	1,470,925	3,423,419
As at 30 September												
Other Information												
Segment Assets	24,508,273	20,710,618	23,249,384	19,267,622	21,798,674	19,964,219	8,046,804		12,069,926	7,646,586	89,372,929	67,589,045
Unallocated											4,203,775	2,061,138
Consolidated Total Assets	-	-	-	-	-	-	-	-	-	-	93,576,704	69,650,183
Segment Liabilities	7,429,457	4,772,188	15,784,014	11,991,492	-	29,422,834	40,672,624		10,283,898	5,165,455	73,869,861	51,351,970
Unallocated											2,711,485	1,655,393
Consolidated Total Liabilities	-	-	-	-	-	-	-	-	-	-	76,581,346	53,007,362

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

As at 30 September 2016

TOP 20 SHAREHOLDERS

Name	No. of shares as at 30.09.2016	% 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	23,351,449	2.14%
5 Mr. C.P.A. Wijeyesekera	18,508,468	1.70%
6 Dr. T. Senthilvel	16,556,149	1.52%
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	5,295,821	0.49%
14 Anverally and Sons (Pvt) Ltd A/C No 01	4,346,853	0.40%
15 Commercial Agencies (Ceylon) Ltd	4,050,833	0.37%
16 Ajita De Zoysa & Company Limited	4,050,832	0.37%
17 EXSAB International Holding Co. for Trading Development	2,202,139	0.20%
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 Mr. A. I. T. Hettiarachchi	1,977,000	0.18%
	993,100,124	90.99%
Other shareholders	98,306,125	9.01%
Total	1,091,406,249	100.00%

As at 30 September 2016

Number of shares in public holding	239,207,053
Number of public shareholders	32,830
Percentage of public holding	21.92%

DIRECTORS' INDIVIDUAL HOLDING IN SHARES

Name	No. of shares held as at 30.09.2016
Dr. P. Jayendra Nayak	None
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
Mr. Yudhishtan Kanagasabai	None

MEASUREMENT OF FINANCIAL INSTRUMENTS

a. Bank - 30 September 2016

	HFT	HTM	L & R	AFS	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
ASSETS					
Cash and cash equivalents	-	-	2,457,887	-	2,457,887
Balances with Central Bank	-	-	2,355,439	-	2,355,439
Reverse repurchased agreements	-	-	574,758	-	574,758
Placements with banks	-	-	1,974,854	-	1,974,854
Derivative financial instruments	5,651	-	-	-	5,651
Other financial assets - Held for trading	3,059,215	-	-	-	3,059,215
Loans and receivables to other customers	-	-	52,418,239	-	52,418,239
Other loans and receivables	-	-	7,107,026	-	7,107,026
Financial investments - Available for sale	-	-	-	12,732,484	12,732,484
Financial investments - Held to maturity	-	138,203	-	-	138,203
Other assets	-	-	208,331	-	208,331
Total financial assets	3,064,866	138,203	67,096,534	12,732,484	83,032,088

	Amortised cost	Total
	Rs.	Rs.
LIABILITIES		
Due to banks	8,616,113	8,616,113
Repurchased agreements	9,387,195	9,387,195
Due to other customers	49,589,296	49,589,296
Other liabilities	1,579,893	1,579,893
Total financial liabilities	69,172,498	69,172,498

b. Bank - 31 December 2015 (Audited)

	HFT	HTM	L & R	AFS	Total
	Rs.	Rs.	Rs.	Rs.	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	Total
	Rs.	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 September 2016

	HFT Rs.	HTM Rs.	L & R Rs.	AFS Rs.	Total Rs.
ASSETS					
Cash and cash equivalents	-	-	2,761,670	-	2,761,670
Balances with Central Bank	-	-	2,355,439	-	2,355,439
Reverse repurchased agreements	-	-	574,758	-	574,758
Placements with banks	-	-	1,981,746	-	1,981,746
Derivative financial instruments	5,651	-	-	-	5,651
Other financial assets - Held for trading	3,059,215	-	-	-	3,059,215
Loans and receivables to banks	-	-	-	-	-
Loans and receivables to other customers	-	-	59,172,237	-	59,172,237
Other loans and receivables	-	-	6,062,308	-	6,062,308
Financial investments - Available for sale	-	-	-	13,054,058	13,054,058
Financial investments - Held to maturity	-	138,203	-	-	138,203
Other assets	-	-	208,331	-	208,331
Total financial assets	3,064,866	138,203	73,116,489	13,054,058	89,373,616

	Amortised cost Rs.	Total Rs.
LIABILITIES		
Due to banks	9,029,440	9,029,440
Repurchased agreements	9,159,146	9,159,146
Due to other customers	54,485,879	54,485,879
Other borrowed funds	1,195,397	1,195,397
Other liabilities	1,579,893	1,579,893
Total financial liabilities	75,449,755	75,449,755

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 September 2016

Item	BANK	
	30-Sep-16	31-Dec-15
Regulatory Capital Adequacy		
Core Capital (Tier 1 Capital), Rs. '000	15,254,637	15,458,060
Total Capital Base, Rs. '000	14,824,205	15,177,627
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	23.03%	24.41%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	22.38%	23.96%
Assets Quality (Quality of Loan Portfolio)		
Gross Non-Performing Advances Ratio, % (net of interest in suspense)	2.73%	3.55%
Net-Non Performing Advances, % (net of interest in suspense and provision)	1.90%	2.69%
Profitability		
Interest Margin, %	2.79%	3.37%
Return on Assets (Before Tax), %	0.41%	0.34%
Return on Assets (After Tax), %	0.44%	0.32%
Return on Equity (After Tax), %	2.05%	1.14%
Regulatory Liquidity		
Statutory Liquid Assets, Rs. '000		
Domestic Banking Unit	12,227,507	8,966,288
Foreign Currency Banking Unit	927,307	621,730
Statutory Liquid Assets Ratio, % (Minimum Requirement, 20%)		
Domestic Banking Unit	22.25%	21.87%
Foreign Currency Banking Unit	22.66%	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 Samaratunga
Chief Financial Officer

Sgd.
Indrajit Wickramasinghe
Director/ Chief Executive Officer

Sgd.
P. Jayendra Nayak
Chairman

Date: 26 October 2016