UNION BANK

Key Regulatory Ratios-Capital and Liquidity

As at	BANK		GROUP	
	30-Sep-2018	31-Dec-2017	30-Sep-2018	31-Dec-2017
Regulatory Capital (LKR '000)				
Common Equity Tier 1	15,202,621	15,357,209	16,454,305	16,332,655
Tier 1 Capital	15,202,621	15,357,209	16,454,305	16,332,655
Total Capital	15,202,621	15,357,209	16,454,305	16,332,655
Regulatory Capital Ratios (%)				
Common Equity Tier 1 Capital Ratio (Minimum Requirement-6.375%)	17.56%	18.85%	17.46%	18.09%
Tier 1 Capital Ratio (Minimum Requirement-7.875%)	17.56%	18.85%	17.46%	18.09%
Total Capital Ratio (Minimum Requirement-11.875%)	17.56%	18.85%	17.46%	18.09%
Regulatory Liquidity				
Statutory liquid Assets				
Domestic Banking Unit (LKR'000)	17,437,820	16,953,184		
Off-Shore Banking Unit (USD'000)	13,638	12,168		
Statutory liquid Assets Ratio % (Minimum Requirement-20%)				
Domestic Banking Unit (%)	21.64%	21.27%		
Off -Shore Banking Unit (%)	20.99%	21.13%		
Liquidity Coverage Ratio (%)				
Rupee (Minimum Requirement-90%)	302.43%	160.14%		
All Currency (Minimum Requirement-90%)	126.07%	83.02%		

Basel III Computation of Capial Ratio

As at	Bank		GROUP	
	30-Sep -2018	31-Dec-2017	30-Sep -2018	31-Dec-2017
	Rs.'000	Rs.'000	Rs.'000	Rs.'000
Common Equity Tier I (CETI) Capital after Adjustments	**15,202,621**	**15,357,209**	**16,454,305**	**16,332,655**
Total Common Equity Tier I (CET1) Capital	**17,839,466**	**17,957,003**	**18,248,784**	**18,189,503**
Equity capital or stated capital/assigned capital	16,334,782	16,334,782	16,334,782	16,334,782
Reserve fund	116,255	116,255	131,519	131,519
Published retained earnings/(Accumulated retained losses)	1,045,617	1,159,782	714,444	714,443
Published Accumulated other comprehensive income (OCI)	241,479	244,852	241,832	245,368
General and other disclosed reserves	101,332	101,332	101,332	101,332
Ordinary shares issued by consolidated banking and financial subsidiaries of the bank and held by third parties	-	-	724,875	662,060
Total Adjustments to CET1 Capital	**2,636,845**	**2,599,794**	**1,794,479**	**1,856,848**
Goodwill (net)	-	-	113,031	113,031
Other intangible assets (net)	1,180,705	1,220,999	1,416,837	1,455,367
Deferred tax assets (net)	-	-	264,611	288,450
Shortfall of the cumulative impairment to specific provisions	59,555	72,632		-
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	1,396,585	1,306,163	-	-
Additional Tier 1 (AT1) Capital after Adjustments	-	-	-	-
Total Additional Tier 1 (ATI) Capital	-	-	-	-
Total Adjustments to AT1 Capital	-	-	-	-
Tier 2 Capital after Adjustments	-	-	-	-
Total Tier 2 Capital	-	-	-	-
Total Adjustments to Tier 2 Capital	-	-	-	-
CET1 Capital	**15,202,621**	**15,357,209**	**16,454,305**	**16,332,655**
Total Tier 1 Capital	**15,202,621**	**15,357,209**	**16,454,305**	**16,332,655**
Total Capital	**15,202,621**	**15,357,209**	**16,454,305**	**16,332,655**
Total Risk Weighted Amount (RWA)	**86,592,401**	**81,454,631**	**94,256,071**	**90,300,332**
RWAs for Credit Risk	71,168,096	64,377,014	77,653,736	71,018,733
RWAs for Market Risk	10,200,842	12,398,293	10,234,403	12,632,642
RWAs for Operational Risk	5,223,463	4,679,324	6,367,932	6,648,957
CET1 Capital Ratio (including Capital Conservation Buffer,Countercyclical Capital Buffer & Surcharge on D-SIBs)(%)	**17.56%**	**18.85%**	**17.46%**	**18.09%**
of which : Capital Conservation Buffer (%)	1.88%	1.25%	1.88%	1.25%
of which : Countercyclical Buffer (%)	-	-	-	-
of which : Capital Surcharge on D-SIBs (%)	NA	NA	NA	NA
Total Tier 1 Capital Ratio (%)	**17.56%**	**18.85%**	**17.46%**	**18.09%**
Total Capital Ratio (including Capital Conservation Buffer,Countercyclical Capital Buffer & Surcharge on D-SIBs)(%)	**17.56%**	**18.85%**	**17.46%**	**18.09%**
of which : Capital Conservation Buffer (%)	1.88%	1.25%	1.88%	1.25%
of which : Countercyclical Buffer (%)	-	-	- -	
of which : Capital Surcharge on D-SIBs (%)	NA	NA	NA	NA

Basel III Computation of Liquidity Coverage Ratio

As at	30-Sep-2018		31-Dec-2017	
	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)	**12,545,633**	**12,193,383**	**25,436,389**	**10,491,612**
Total Adjusted Level 1A Assets	**12,545,633**	**12,545,633**	**24,817,846**	**10,574,856**
Level 1 Assets	**12,193,383**	**12,193,383**	**9,965,850**	**9,965,850**
Total Adjusted Level 2A Assets	**-**	**-**	**618,544**	**525,762**
Level 2A Assets	**-**	**-**	**618,544**	**525,762**
Total Adjusted Level 2B Assets	**-**	**-**	**-**	**-**
Level 2B Assets	**-**	**-**	**-**	**-**
Total Cash Outflows	**118,603,811**	**22,737,070**	**113,281,336**	**24,186,020**
Deposits	53,954,099	4,517,628	46,370,678	4,637,068
Unsecured Wholesale Funding	28,107,484	15,923,701	32,304,044	18,400,185
Secured funding transaction	-	-	-	-
Undrawn portion of committed (irrevocable) facilities and other contingent funding obligations	36,542,227	2,295,741	34,604,508	1,146,661
Additional requirements	-	-	2,106	2,106
Total Cash inflows	**19,879,622**	**13,065,310**	**18,751,724**	**11,548,664**
Maturing secured lending transactions backed by the following collateral	2,172,088	2,172,088	192,686	192,678
Committed facilities	-	-	-	-
Other inflows by counterparty which are maturing within 30 days	17,377,083	10,893,213	18,556,193	11,355,986
Operational deposits	330,435	-	2,845	-
Other cash inflows	-	-	-	-
Liquidity Coverage Ratio,(%)(Stock of High Quality Liquid Assets/Total Net Cash Outflows over the Next 30 Calender Days)*100		**126%**		**83%**

Main Features of Regulatory Capital Instruments

As at	30-Sep-2018	
	BANK	GROUP
	Rs.'000	Rs.'000
	-	-
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)	15,202,621*	16,454,305 **
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.
** Debenture worth of Rs. 300 Mn was issued by UB Finance Company Ltd.,and it was invested by Union Bank of Colombo PLC

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

30-Sep-2018	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	31,121,650	-	31,121,650	-	-	-
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	2,949,304	-	2,949,304	-	1,654,783	56%
Claims on Financial Institutions	13,474,254	665,776	13,474,254	164,187	9,472,266	70%
Claims on Corporates	14,645,059	24,086,210	14,645,059	1,110,173	15,730,258	100%
Retail Claims	31,988,050	17,627,311	27,436,922	4,203,148	29,377,546	93%
Claims Secured by Residential Property	6,249,065	-	6,249,065	-	5,766,300	92%
Claims Secured by Commercial Real Estate	4,066,644	-	4,066,644	-	4,066,644	100%
Non-Performing Assets (NPAs)	1,691,288	-	1,691,288	-	2,130,218	126%
Higher-risk Categories	165,992	-	165,992	-	414,980	250%
Cash Items and Other Assets	8,162,895	550,053	4,326,270	550,053	2,555,099	52%
Total	**114,514,202**	**42,929,350**	**106,126,449**	**6,027,560**	**71,168,096**	**67%**

30-Sep-2018	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	31,631,476	-	31,631,476	-	-	0%
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	3,063,021	-	3,063,021	-	1,703,378	56%
Claims on Financial Institutions	12,747,072	665,776	12,911,259	164,187	9,108,675	71%
Claims on Corporates	14,660,953	24,086,210	15,771,126	1,110,173	15,746,152	100%
Retail Claims	40,148,478	17,627,311	39,800,498	4,203,148	35,487,360	89%
Claims Secured by Residential Property	6,249,065	-	6,249,065	-	5,766,300	92%
Claims Secured by Commercial Real Estate	4,230,344	-	4,230,344	-	4,230,344	100%
Non-Performing Assets (NPAs)	2,371,565	-	2,371,565	-	2,732,204	115%
Higher-risk Categories	200,900	-	-	-	301,350	0%
Cash Items and Other Assets	8,972,917	550,052,623	5,212,881	550,052,623	2,879,021	55%
Total	**124,075,094**	**42,929,350**	**121,241,237**	**6,027,560**	**77,653,736**	**64%**

Market Risk under Standardised Measurment Method

30-Sep-2018	Risk Weighted Assets	
	BANK	GROUP
	Rs.'000	Rs.'000
(a) RWA for Interest Rate Risk	**526,428**	**526,428**
General Interest Rate Risk	526,428	526,428
(I) Net Long or Short Position	526,428	526,428
(II) Horizontal Disallowance	-	-
(iii) Vertical Disallowance	-	-
(iv) Options	-	-
Specific Interest Rate Risk	**-**	**-**
(b) RWA for Equity	**653,967**	**657,952**
(i) General Equity Risk	326,984	328,575
(ii) Specific Equity Risk	326,984	329,378
RWA for Foreign Exchange & Gold	**30,955**	**30,955**
Capital Charge for Market Risk [(a)+(b)+(c)] * CAR	**10,200,842**	**10,234,403**

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

30-Sep-2018	Capital Charge Factor	Fixed Factor	BANK			Capital Charge Factor	GROUP		
			Gross Income				Gross Income		
			1st Year	2nd Year	3rd Year		1st Year	2nd Year	3rd Year
			Rs.'000	Rs.'000	Rs.'000		Rs.'000	Rs.'000	Rs.'000
The Basic Indicator Approach	**15%**		3,297,102	4,228,191	4,880,431		4,151,197	5,090,374	5,882,268
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	620,286						756,192		
The Standardised Approach	620,286						756,192		
The Alternative Standardised Approach									
Risk-Weighted Amount for Operational Risk (LKR'000)									
The Basic Indicator Approach	5,223,463						6,367,932		
The Standardised Approach	**5,223,463**						**6,367,932**		
The Alternative Standardised Approach									

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

30-Sep-2018	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	**122,375,271**	**121,492,305**	**106,376,449**	**4,415,328**	**10,700,528**
Cash and cash equivalents	2,242,634	2,280,682	2,280,682	-	-
Balances with the Central Bank of Sri Lanka	4,159,843	4,159,843	4,159,843	-	-
Placements with banks	1,372,047	1,371,722	1,371,722	-	-
Derivative financial instruments	66,232	-	-	-	-
Other Financial Assets Held -For -Trading	4,450,800	21,236,598	16,821,270	4,415,328	
Loans and receivables to Other Customers	81,008,611	72,078,076	63,865,058	-	8,213,018
Financial Investments - Available For Sale	17,079,139	-	-	-	-
Financial Investments - Held To Maturity	7,164,664	15,391,239	15,091,239	-	300,000
Investments in Subsidiaries	1,262,578	1,172,797	165,992	-	1,006,805
Property, Plant and Equipment	814,165	811,618	811,618	-	-
Investment Properties	-	-	-	-	-
Goodwill and Intangible Assets	1,180,705	1,180,705	-	-	1,180,705
Deferred Tax Assets	-	-	-	-	-
Other Assets	1,573,855	1,809,025	1,809,025	-	-
Liabilities	**104,464,850**	**104,290,170**			
Due to banks	10,780,054	10,566,567	-	-	-
Derivative financial instruments	108,103	-	-	-	-
Due to Other Customers	90,792,633	74,196,175	-	-	-
Other Borrowings	1,286,845	15,830,600	-	-	-
Deferred Tax Liabilities	151,300	-	-	-	-
Other Liabilities	1,345,915	3,696,828	-	-	-
Off -Balance Sheet Liabilities	**42,929,350**	**42,929,350**	**42,929,350**	-	-
Guarantees	5,447,257	5,447,257	5,447,257	-	-
Performance Bonds	2,174,956	2,174,956	2,174,956	-	-
Letter of Credits	2,600,185	2,600,185	2,600,185	-	-
Other Contingent Items	8,272,161	8,272,161	8,272,161	-	-
Undrawn Loan Commitments	20,251,813	20,251,813	20,251,813	-	-
Other Commitments	4,182,979	4,182,979	4,182,979	-	-
Shareholders' Equity					
Equity Capital (Stated Capital)/Assigned Capital	16,334,782	16,334,782	-	-	-
of which Amount Eligible for CET 1	16,334,782	16,334,782	-	-	-
of which Amount Eligible for AT1	-	-	-	-	-
Retianed Earnings	1,415,955	610,052	-	-	-
Accumulated Other Comprehensive Income	-86,703	-	-	-	-
Other Reserves	246,387	257,301	-	-	-
Total Shareholders' Equity	**17,910,421**	**17,202,135**	-	-	-