



INTERIM FINANCIAL STATEMENTS

For the year ended 31 December 2015



Union Bank records impressive growth in 2015

- *Gears for further success*

Results at a Glance

Group Performance

- Operating Income grows 25% YoY to Rs. 3,436 Mn
- Net Profit grows 226% YoY to Rs. 255 Mn

Bank's Performance

- Operating Income grows 24% YoY to Rs. 2,839 Mn
- Net Profit grows 238% YoY to Rs. 193 Mn
- Loans and Advances grow 54% YTD to Rs. 40,095 Mn
- Customer Deposits grow 35% YTD to Rs. 37,653 Mn
- Significant improvement in asset quality with Net NPA at 2.7%
- Total Assets of the Bank increase by 45% to Rs. 71,005 Mn

Union Bank of Colombo PLC (UBC) and its subsidiaries concluded the year 2015 with a notable business performance; reflected by a 226% increase in post-tax profit that signals the strong growth momentum mobilised within the year.

Core Banking growth and Profitability

The principal source of income from the Bank's fund based operations escalated to Rs. 2,022 Mn in 2015. This is an increase of Rs. 259 Mn or 15% compared to Rs. 1,763 Mn recorded in the previous year. It is a noteworthy achievement, given the substantial reduction in interest spreads experienced by the Bank during the year.

Net Interest margins dropped due to decreasing spreads and increased investments made in Unit Trusts during the year. Return on the Unit Trust investments are reflected under Net Trading Income of the Bank.

The Bank's Loans and Advances stood at Rs. 40,095 Mn as at 2015 year-end. This is a Rs. 14,151 Mn (55%) growth in comparison to the previous year, and is the highest absolute growth achieved by the Bank since its inception.

The composition of Loans and Advances of the Bank changed in line with its new strategic positioning, as a fully-fledged commercial bank serving a wider clientele including Corporate, SME and Retail Banking segments. Corporate Banking contributed to the highest portion of the growth, given that the Bank employed focused efforts to strengthen its corporate loan book in 2015, in an endeavor to grow fee and commission income.

UBC revamped its Retail Banking proposition in 2015, with a broader product spectrum aided by aggressive network growth; while consciously narrowing the pawning portfolio to reduce the risk appetite. The Deposits Base of UBC stood at Rs. 37,652 Mn as at year-end. This is a Rs. 9,844 Mn (35%) growth in comparison to 2014. The growth in Fixed Deposits was recorded as Rs. 7,719 Mn.

The Bank focused on an aggressive CASA (Current and Savings Accounts) drive which was supported by several strategic initiatives such as; the expansion of the off-site ATM network, introduction of Debit Cards, setting up a dedicated sales force and rebranding the branch outlook. CASA recorded a growth of 33% in comparison to 2014.

The Fee and Commission Income of the Bank was Rs. 226 Mn which translates to a year-on-year growth of 15%. This was mainly attributed to the increase in fee and commission income from Loans, Cards, Trade and Remittances. The Bank made significant efforts to strengthen its fee and commission based businesses, and plans to leverage the key enablers that were established during 2015.

UBC reported a Net Trading Income of Rs. 278 Mn, which is a significant growth of 189% year-on-year. This was due to an increase in investments made in the Unit Trusts. In 2015, UBC made a strategic decision to exit the equity trading portfolio and held no trading stocks as at the year end. Other Operating Income of the Bank was Rs. 359 Mn, which reflects a growth of 28% year-on-year. This was mainly attributed to the 73% growth reported in Foreign Exchange gains.

The Bank was affected with one of the highest NPL ratios in the industry in mid-2014. The NPL ratio improved significantly to 2.7% as at the reporting date. NPL ratios as at the end of 2014 was 7.4%. Reflecting a noteworthy improvement in portfolio quality, the Credit Loss Expense of the Bank reduced to Rs.176 Mn from Rs. 541 Mn in 2014.

Operating expenses of the Bank was Rs. 2,334 Mn which is a 42% increase year-on-year. This was mainly due to the strategic investments which included the expansion of network and reach along with investments made in technology and human resources during the year.

The Bank maintained a healthy Liquid Assets Ratio throughout the year. UBC continued to maintain a healthy Capital Adequacy Ratio which is well above the regulatory requirement, reporting a 24% core capital ratio as at the year-end.

Group Performance

The Group, consisting of the Bank and its two subsidiaries - UB Finance Company Limited and National Assets Management Limited reported robust results in 2015. The Group reported pre and post-tax profits of Rs. 292 Mn and Rs. 255 Mn respectively, compared to Rs. 161 Mn and Rs. 78 Mn reported in 2014. Annual growth rates for pre and post- tax profits were, 82% and 226% respectively. The Bank was the significant contributor towards the group Net Interest

Income (NII), accounting for 83% of the total NII. The Group reported a NII of Rs. 2,440 Mn compared to Rs.1,971 Mn reported in 2014. The annual growth rates for NII was 24%.

The Group recorded significant volume growth in terms of loans and advances growing its portfolio to Rs.45.5Bn in 2015, an increase of 56% year-on-year. This was a result of the Bank's intention to grow the book aggressively while maintaining a profitable mix. The Bank contributed to 88% of the Group's total loans and advances. The Group also recorded a significant increase in customer deposits recording a portfolio of Rs. 41.6Mn in 2015, a growth of 37% year-on-year. The Bank contributed 90% of the Group's total customer deposits. Fixed Deposits accounted for 78% of the total deposits base and grew by 39% year-on-year.

The Group reported a 15% increase in fee based operations. Trading and other income also reported a strong performance, recording a growth of 35% year-on-year.

Operational Performance

This robust financial performance, endorses the Bank's renewed strategic focus as a fully-fledged commercial bank serving a diverse clientele including Retail, SME and Corporate segments.

The impressive results further reveal the success of the rapid expansion initiatives implemented by UBC during the year, following the land mark investment from TPG - one of the largest global private investment firms. UBC's expansion initiatives underlined remarkable upward momentum in 2015, with the island-wide network increasing to 64 branches by the end of the year. The Bank's rapidly growing ATM reach expanded across 37 new off-site ATM locations in 2015, sizing up the total ATM reach of the Bank to 102 ATMs delivering enhanced convenience of easy account access island-wide. In line with the Bank's mandate to deliver greater banking convenience to customers, 22 existing branches were remodeled in the year 2015, unveiling a new look and offering a redefined banking experience to customers.

Enhancing and adding value to the Bank's product portfolio is an integral part of UBC's growth strategy. Hence in the year 2015, UBC expanded its product and service offerings especially in the Retail Banking segment; fortifying its product portfolio with customer-centric solutions that deliver enhanced value. The launch of the Union Bank VISA International Debit Card and introduction of the Salary Power savings solution that caters to the specific financial needs of the employed individuals were some of the key new products introduced within the year.

The focused efforts towards building strong Corporate and SME portfolios were fortified with new customer relationships established within the year. Strengthening of credit under-writing processes, centralisation of operations, and setting up of a SME credit centre further augmented the Bank's business performance in these categories.

An integrated communications campaign launched mid-year, was continued throughout the second half of 2015, in a bid to build stronger corporate brand equity under the premise “Make the rest of your life the best of your life with Union Bank”. The campaign has succeeded in delivering greater brand visibility for UBC and has supported the efforts to position the Bank as a fully-fledged Commercial Bank serving unique financial needs of a diverse clientele.

Marking a milestone in Retail Banking, UBC was conferred the **‘Speed to Market Award 2015’** at the Visa Client Forum India and South Asia in recognition of the speed and success of the Debit Card launch. UBC’s Annual Report 2014 won the **‘Compliance Award for Excellence’** in the financial services sector at the grand finale of the 51st Annual Report Awards conducted by the Institute of Chartered Accountants of Sri Lanka.

Commenting on the performance of the Bank, **Director/Chief Executive Officer of Union Bank Mr. Indrajit Wickramasinghe** stated “We have completed a successful year of strong financial results, and significant reforms towards laying a solid foundation for more ambitious growth in the years to come. There were many changes implemented during 2015 in terms of the business focus and strategy, with significant investments being made on people, processes and technology. Looking into 2016 and beyond, the Bank will continue on its strong growth trajectory with the intent of becoming one of the leading private sector banking institutions in Sri Lanka.”

-Ends -

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	BANK						GROUP					
	For the year ended			For the quarter ended			For the year ended			For the quarter ended		
	31.12.2015 Rs.'000	31.12.2014 Rs.'000 Audited	Change %	31.12.2015 Rs.'000	31.12.2014 Rs.'000	Change %	31.12.2015 Rs.'000	31.12.2014 Rs.'000 Audited	Change %	31.12.2015 Rs.'000	31.12.2014 Rs.'000	Change %
Profit for the period	192,698	57,088	238	76,028	1,364	5473	254,743	78,197	226	87,379	(38,017)	(330)
Other comprehensive income												
<i>Other comprehensive income to be reclassified to profit or loss:</i>												
Gains and (losses) on re-measuring available for sale financial assets	(23,489)	(1,721)	1265	(21,766)	(2,127)	923	(24,357)	1,287	(1993)	(17,611)	(8,310)	112
Net amount transferred to profit or loss (available for sale financial assets)	(1,721)	-	(100)	(1,721)	-	(100)	(1,721)	-	(100)	(1,721)	-	(100)
Less: Income tax effect on losses on re-measuring available for sale financial assets	7,059	-	100	7,059	-	100	7,059	-	100	7,059	-	100
Net other comprehensive income to be reclassified to profit or loss	(18,151)	(1,721)		(16,428)	(2,127)		(19,019)	1,287		(12,273)	(8,310)	
<i>Other comprehensive income not to be reclassified to profit or loss:</i>												
Actuarial gains and losses on defined benefit plans	(5,119)	(8,551)	(40)	(5,119)	(8,551)	(40)	(5,407)	(8,162)	(34)	(5,277)	(9,732)	(46)
Less: Deferred tax effect on actuarial gains/(losses) on defined benefit plans	1,433	2,394	(40)	1,433	2,394	(40)	1,391	2,394	(42)	1,391	2,394	(42)
Net other comprehensive income not to be reclassified to profit or loss	(3,685)	(6,157)	(40)	(3,685)	(6,157)	(40)	(4,016)	(5,768)	(30)	(3,887)	(7,338)	(47)
Other comprehensive income for the period, net of taxes	(21,836)	(7,877)	177	(20,114)	(8,283)	143	(23,035)	(4,482)	414	(16,160)	(15,648)	3
Total comprehensive income for the period	<u>170,862</u>	<u>49,211</u>	247	<u>55,914</u>	<u>(6,919)</u>	908	<u>231,708</u>	<u>73,715</u>	214	<u>71,218</u>	<u>(53,665)</u>	233
Attributable to:												
Owners of the parent	170,862	49,211	247	55,914	(6,919)	908	200,147	25,075	698	60,133	(70,529)	185
Non-controlling interest	-	-		-	-		31,561	48,641	(35)	11,085	16,864	(34)
	<u>170,862</u>	<u>49,211</u>	247	<u>55,914</u>	<u>(6,919)</u>	908	<u>231,708</u>	<u>73,715</u>	214	<u>71,218</u>	<u>(53,665)</u>	233

STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2015

	BANK						GROUP					
	For the year ended			For the quarter ended			For the year ended			For the quarter ended		
	31.12.2015 Rs.000	31.12.2014 Rs.000	Change %	31.12.2015 Rs.000	31.12.2014 Rs.000	Change %	31.12.2015 Rs.000	31.12.2014 Rs.000	Change %	31.12.2015 Rs.000	31.12.2014 Rs.000	Change %
		Audited						Audited				
Interest income	4,155,484	3,972,062	5	1,167,380	1,048,090	11	4,998,505	4,482,731	12	1,417,458	1,196,419	18
Less: Interest expense	2,133,782	2,209,487	(3)	683,382	451,285	51	2,558,428	2,512,194	2	810,831	531,718	52
Net interest income	2,021,702	1,762,575	15	483,998	596,805	(19)	2,440,077	1,970,538	24	606,627	664,701	(9)
Fee and commission income	226,603	197,198	15	74,357	72,102	3	404,789	351,032	15	120,803	112,195	8
Less: Fee and commission expense	46,005	43,560	6	14,151	11,055	28	61,774	58,620	5	19,098	7,736	147
Net fee and commission income	180,598	153,638	18	60,206	61,048	(1)	343,016	292,412	17	101,705	104,459	(3)
Net gain from trading	278,041	96,054	189	129,617	21,994	489	278,041	96,054	189	129,617	17,868	625
Other operating income (net)	359,131	281,104	28	93,253	54,416	71	374,394	384,591	(3)	98,552	4,278	2204
Total operating income	2,839,471	2,293,371	24	767,073	734,262	4	3,435,528	2,743,595	25	936,500	791,305	18
Less: Impairment for Loans Receivables												
Individual Impairment	78,269	92,804	(16)	14,683	69,412	(79)	167,034	188,472	11	56,135	213,718	74
Collective Impairment	98,460	448,361	(78)	25,196	193,383	(87)	93,100	338,056	(72)	17,023	33,648	(49)
Net operating income	2,662,742	1,752,206	52	727,194	471,467	54	3,175,394	2,217,066	43	863,343	543,939	59
Less: Personnel Expenses	993,195	660,126	50	274,966	195,251	41	1,159,494	784,681	48	304,925	215,180	42
Depreciation & Amortisation	337,161	270,765	25	91,229	77,655	17	364,153	293,829	24	99,092	72,110	37
Other expenses	1,004,249	708,619	42	262,724	181,207	45	1,223,283	905,415	35	344,369	268,517	28
Operating profit before value added tax (VAT) and national building tax (NBT) on financial services	328,137	112,697	191	98,274	17,354	466	428,464	233,141	84	114,957	(11,868)	1069
Less: VAT and NBT on financial services	122,143	51,894	135	35,748	14,924	140	136,284	72,610	88	38,583	16,540	133
Profit before tax	205,994	60,803	239	62,526	2,429	2474	292,181	160,531	82	76,374	(28,408)	369
Less: Tax expense	13,296	3,715	258	(13,502)	1,065	(1368)	37,437	82,335	(55)	(11,005)	9,609	(215)
Profit for the period	192,698	57,088	238	76,028	1,364	5473	254,743	78,197	226	87,379	(38,017)	330
Profit Attributable to:												
Owners of the parent	192,698	57,088	238	76,028	1,364	5473	222,770	31,063	617	78,058	(47,335)	265
Non-controlling interest	-	-		-	-		31,972	47,134	(32)	9,321	9,318	0
	192,698	57,088	238	76,028	1,364	5473	254,743	78,197	226	87,379	(38,017)	330
Earnings per share on profit												
Earnings per share - Basic							0.20	0.06	255	0.07	(0.04)	279
Earnings per share - Diluted							0.19	0.06	245	0.07	(0.09)	175

Union Bank of Colombo PLC
STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

	BANK			GROUP		
	31.12.2015 Rs.'000	31.12.2014 Rs.'000 Audited	Change %	31.12.2015 Rs.'000	31.12.2014 Rs.'000 Audited	Change %
Assets						
Cash and cash equivalents	3,017,938	12,002,573	(75)	3,328,152	12,382,390	(73)
Balances with Central Bank	1,306,812	949,105	38	1,306,812	949,105	38
Placements with Banks	284,078	73,995	284	294,074	186,430	58
Derivative Financial Instruments	10,621	4,150	156	10,621	4,150	156
Other financial assets held for trading	8,463,808	2,584,471	227	8,463,807	2,584,471	227
Loans and receivables to banks	-	-	-	16,004	16,004	0
Loans and receivables to other customers	40,095,332	25,944,570	55	45,450,314	29,217,857	56
Other loans and receivables	5,721,549	2,470,115	132	4,951,274	1,649,134	200
Financial investments – Available for sale	8,356,130	1,647,686	407	8,538,559	1,800,750	374
Financial investments – Held to maturity	140,529	140,027	0	140,529	140,027	0
Investments in subsidiaries	892,364	892,364	0	-	-	-
Property, plant and equipment	913,814	754,548	21	1,059,027	875,933	21
Investment in Real Estate	-	-	-	213,274	258,887	(18)
Goodwill and intangible assets	1,118,200	951,750	17	1,469,783	1,304,027	13
Income Tax Recoverable	208,404	149,448	39	224,555	149,448	50
Deferred tax assets	-	-	-	485,102	515,838	(6)
Other assets	475,909	430,318	11	590,238	523,918	13
Total assets	71,005,489	48,995,121	45	76,542,126	52,558,370	46
Liabilities						
Due to banks	6,945,249	2,090,588	232	7,156,388	2,145,832	234
Due to other customers	45,895,059	28,925,381	59	49,618,454	31,419,544	58
Other borrowed funds	-	-	-	1,281,085	845,085	52
Current tax liabilities	-	-	-	173,498	181,442	(4)
Deferred tax liabilities	30,089	25,284	19	30,553	25,915	18
Other liabilities	1,212,915	1,203,584	1	1,567,079	1,443,521	9
Total liabilities	54,083,312	32,244,837	68	59,827,057	36,061,339	66
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	71,417	61,782	16	80,624	69,169	17
Retained earnings	467,692	288,314	62	(91,502)	(298,854)	(69)
ESOP reserve	1,030	-	-	1,030	-	-
Available for sale reserve	(18,229)	(78)	(231)	(4,576)	14,085	(132)
Total shareholders' equity	16,922,176	16,750,284	1	16,385,842	16,184,665	1
Non-controlling interests	-	-	-	329,227	312,366	5
Total equity	16,922,176	16,750,284	1	16,715,069	16,497,032	1
Total equity and liabilities	71,005,488	48,995,121	45	76,542,126	52,558,370	46
Contingent liabilities and commitments	35,164,045	24,188,914	45	35,164,045	24,188,914	45
Net asset value per ordinary share	15.50	15.35	1	15.32	15.12	1
	1			0		
Memorandum information						
Number of Employees	984	724				
Number of Branches	64	61				

Union Bank of Colombo PLC

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

BANK	Stated Capital	Share Warrants	Statutory Reserve	Investment Fund	Retained	ESOP Reserve	Available for sale	Total
	Rs.'000	Rs.'000	Fund Rs.'000	Rs.'000	Earnings Rs.'000	Rs.'000	Reserve Rs.'000	Rs.'000
Balance as at 1 January 2014	4,979,791	-	58,928	213,717	203,208	-	1,642	5,457,285
Issue of share capital	11,354,991	-	-	-	-	-	-	11,354,991
Issue of warrants	-	65,484	-	-	-	-	-	65,484
Net Profit for the year	-	-	-	-	57,088	-	-	57,088
Other Comprehensive Income	-	-	-	-	(6,157)	-	(1,721)	(7,877)
Total comprehensive income	-	-	-	-	50,932	-	(1,721)	49,211
Transfers during the year	-	-	2,854	(213,717)	210,862	-	-	-
Share issue expense	-	-	-	-	(89,375)	-	-	(89,375)
Dividend Paid	-	-	-	-	(87,313)	-	-	(87,313)
Balance as at 31 December 2014	<u>16,334,782</u>	<u>65,484</u>	<u>61,782</u>	<u>-</u>	<u>288,314</u>	<u>-</u>	<u>(78)</u>	<u>16,750,284</u>

Balance as at 1 January 2015	16,334,782	65,484	61,782	-	288,314	-	(78)	16,750,284
Net Profit for the year	-	-	-	-	192,698	-	-	192,698
Other Comprehensive Income	-	-	-	-	(3,685)	-	(18,151)	(21,836)
Total comprehensive income	-	-	-	-	189,013	-	(18,151)	170,862
ESOP Issued	-	-	-	-	-	1,030	-	1,030
Transfers during the year	-	-	9,635	-	(9,635)	-	-	-
Balance as at 31 December 2015	<u>16,334,782</u>	<u>65,484</u>	<u>71,417</u>	<u>-</u>	<u>467,692</u>	<u>1,030</u>	<u>(18,229)</u>	<u>16,922,176</u>

GROUP	Stated Capital	Share Warrants	Statutory Reserve	Investment Fund	Retained	ESOP Reserve	Available for sale	Total	Non-controlling	Total Equity
	Rs.'000	Rs.'000	Fund Rs.'000	Rs.'000	Earnings Rs.'000	Rs.'000	Reserve Rs.'000	Rs.'000	Interest Rs.'000	Rs.'000
Balance as at 1 January 2014	4,979,791	-	63,272	214,889	(351,933)	-	14,174	4,920,193	273,526	5,193,719
Issue of share capital	11,354,991	-	-	-	-	-	-	11,354,991	-	11,354,991
Issue of warrants	-	65,484	-	-	-	-	-	65,484	-	65,484
Net Profit for the year	-	-	-	-	31,063	-	-	31,063	47,134	78,197
Other Comprehensive Income	-	-	-	-	(5,900)	-	(89)	(5,989)	1,507	(4,482)
Total comprehensive income	-	-	-	-	25,163	-	(89)	25,075	48,641	73,715
Transfers during the year	-	-	5,897	(214,889)	208,992	-	-	-	-	-
Adjustment	-	-	-	-	(4,390)	-	-	(4,390)	-	(4,390)
Share issue expense	-	-	-	-	(89,375)	-	-	(89,375)	-	(89,375)
Dividend Paid	-	-	-	-	(87,313)	-	-	(87,313)	(9,800)	(97,113)
Balance as at 31 December 2014	<u>16,334,782</u>	<u>65,484</u>	<u>69,169</u>	<u>-</u>	<u>(298,854)</u>	<u>-</u>	<u>14,085</u>	<u>16,184,665</u>	<u>312,366</u>	<u>16,497,032</u>
Balance as at 1 January 2014	16,334,782	65,484	69,169	-	(298,854)	-	14,085	16,184,665	312,366	16,497,032
Net Profit for the year	-	-	-	-	222,770	-	-	222,770	31,972	254,743
Other Comprehensive Income	-	-	-	-	(3,963)	-	(18,661)	(22,624)	(412)	(23,035)
Total comprehensive income	-	-	-	-	218,808	-	(18,661)	200,147	31,561	231,708
Transfers during the year	-	-	11,456	-	(11,456)	-	-	-	-	-
ESOP Issued	-	-	-	-	-	1,030	-	1,030	-	1,030
Dividend Paid	-	-	-	-	-	-	-	-	(14,700)	(14,700)
Balance as at 31 December 2015	<u>16,334,782</u>	<u>65,484</u>	<u>80,624</u>	<u>-</u>	<u>(91,502)</u>	<u>1,030</u>	<u>(4,576)</u>	<u>16,385,842</u>	<u>329,227</u>	<u>16,715,069</u>

Union Bank of Colombo PLC
STATEMENT OF CASH FLOWS
Year ended 31 December 2015

	BANK		GROUP	
	2015 Rs.'000	2014 Rs.'000 Audited	2015 Rs.'000	2014 Rs.'000 Audited
Cash Flow from Operating Activities				
Interest received	3,751,511	4,044,153	4,485,752	4,492,976
Fees and commission receipts	180,598	125,161	343,016	263,934
Interest paid	(2,032,622)	(2,465,361)	(2,502,991)	(2,930,842)
Receipts from other operating activities	362,011	412,761	388,959	526,441
Payments on other operating activities	(2,101,289)	(1,407,194)	(2,496,906)	(1,746,682)
Operating Profit/(Loss) before changes in operating assets & liabilities	160,209	709,519	217,830	605,826
(Increase)/Decrease in Operating Assets:				
Balance with Central Bank of Sri Lanka	(357,707)	168,766	(357,707)	168,766
Funds Advanced to Customers	(14,240,742)	(3,241,507)	(16,347,632)	(4,725,727)
Others	(52,062)	9,282	(27,179)	94,273
	(14,650,511)	(3,063,459)	(16,732,518)	(4,462,689)
Increase /(Decrease) in Operating Liabilities:				
Due to other customers	9,800,141	(274,306)	11,320,894	1,070,177
Repurchased agreements	7,109,814	986,591	6,882,591	968,091
Other liabilities	(140,902)	141,950	(29,424)	434,762
	16,769,053	854,234	18,174,061	2,473,031
Net Cash from/(used in) Operating Activities before Income Tax	2,278,752	(1,499,705)	1,659,373	(1,383,832)
Retiring Gratuity paid	(7,039)	(7,587)	(8,436)	(8,591)
Income Tax Paid	(10,812)	(9,521)	(28,520)	(65,032)
Net Cash from/(used in) Operating Activities	2,260,900	(1,516,813)	1,622,417	(1,457,455)
Cash Flow from/(used in) Investing Activities				
Dividends received	14,126	11,146	648	1,163
Net investment in other financial assets - held for trading	(5,608,120)	(1,613,967)	(5,608,120)	(1,618,540)
Net increase in investment in financial assets - held to maturity	(6,889)	(515)	(6,889)	(515)
Net increase in investment in financial assets - available for sale	(6,647,352)	89,043	(6,677,585)	30,132
Net increase in debt securities	(3,069,167)	-	(3,068,934)	-
Purchase of property & equipment	(390,646)	(209,058)	(443,575)	(229,589)
Purchase of intangible assets	(141,869)	(537,088)	(143,213)	(537,604)
Proceeds from sale of property & equipment	1,416	161	6,988	161
Net Cash used in Investing Activities	(15,848,501)	(2,260,279)	(15,940,679)	(2,354,792)
Cash Flow from/(used in) Financing Activities				
Proceeds from shares issued	-	11,420,475	-	11,420,475
Increase in borrowings	4,899,216	1,833,300	5,527,710	2,204,111
Share issue cost	-	(89,375)	-	(89,375)
Dividend Paid	-	(87,313)	(14,700)	(97,113)
Net Cash from Financing Activities	4,899,216	13,077,088	5,513,010	13,438,099
Net Increase/(Decrease) in Cash and Cash Equivalents	(8,688,385)	9,299,995	(8,805,252)	9,625,852
Cash and Cash Equivalents at Beginning of the year	11,932,107	2,632,112	12,369,116	2,743,264
Cash and Cash Equivalents at end of the year	3,243,722	11,932,107	3,563,864	12,369,116
Reconciliation of Cash and Cash Equivalents				
Cash & Cash Equivalents	3,015,411	11,999,865	3,325,625	12,379,683
Placements with Banks	284,074	73,995	294,070	186,430
Due to Banks	(55,763)	(141,753)	(55,831)	(196,998)
	3,243,722	11,932,107	3,563,864	12,369,116

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2015

1 LOANS AND RECEIVABLES TO OTHER CUSTOMERS

	Bank		Group	
	31.12.2015 Rs.'000	31.12.2014 Rs.'000 Audited	31.12.2015 Rs.'000	31.12.2014 Rs.'000 Audited
Gross loans and receivables (Note 1.1)	40,663,715	26,558,875	46,420,781	30,648,646
(Less): Individual impairment (Note 1.2)	(204,579)	(126,310)	(430,908)	(761,678)
Collective impairment (Note 1.2)	(363,804)	(487,995)	(539,560)	(669,111)
Net loans and receivables	40,095,332	25,944,570	45,450,314	29,217,857
1.1 Loans and Receivables to other customers - by product				
Overdrafts	7,804,094	7,489,641	7,776,506	7,489,641
Trade finance	9,163,730	5,803,521	9,163,730	5,803,521
Pawning	397,987	1,354,728	397,987	1,363,721
Staff loans	520,019	321,698	521,185	324,706
Term loans	21,209,689	10,276,602	22,233,000	11,393,744
Leasing and Hire Purchases	1,164,132	954,207	4,591,950	2,883,753
Factoring	404,064	358,479	1,523,938	978,606
Others	-	-	212,486	410,954
Gross Loans and Receivables	40,663,715	26,558,875	46,420,781	30,648,646
1.2 Movements in Individual and Collective Impairment for the period				
Individual impairment				
Opening balance as at 1 January 2015	126,310	165,628	761,678	1,043,342
Charge to statement of profit or loss	78,269	92,804	167,034	188,472
Net write-off during the year	-	(132,122)	(497,804)	(470,137)
Closing balance as at 31 December 2015	204,579	126,310	430,908	761,678
Collective impairment				
Opening balance as at 1 January 2015	487,995	366,872	669,111	667,058
Charge to statement of profit or loss	98,460	372,580	93,100	253,509
Net write-off during the year	(222,651)	(251,456)	(222,651)	(251,456)
Closing balance as at 31 December 2015	363,804	487,995	539,560	669,111
Total Impairment Balance	568,384	614,305	970,468	1,430,789

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2015

	Bank		Group	
	31.12.2015 Rs.'000	31.12.2014 Rs.'000 Audited	31.12.2015 Rs.'000	31.12.2014 Rs.'000 Audited
2 DUE TO OTHER CUSTOMERS				
Customer Deposits (Note 2.1)	37,652,508	27,808,891	41,623,921	30,323,850
Repurchased agreements	8,242,551	1,116,489	7,994,533	1,095,694
	45,895,059	28,925,381	49,618,454	31,419,544
2.1 Customer Deposits				
Current accounts	2,933,982	2,206,541	2,930,652	2,202,984
Saving accounts	6,104,594	4,707,269	6,100,051	4,702,632
Fixed deposits	26,166,794	18,141,270	30,146,080	20,664,423
Certificate of Deposits	2,447,138	2,753,812	2,447,138	2,753,812
	37,652,508	27,808,891	41,623,921	30,323,850

Union Bank of Colombo PLC

EXPLANATORY NOTES

Year ended 31 December 2015

- 1 The information contained in these statements have been extracted from the unaudited financial statements of the Bank and the Group unless indicated 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 2014.

The Group financial statements comprise of consolidated financial statements of the Bank and its subsidiary 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 stated below;
- 3.1 The Board of Directors of the Bank has recommended a final dividend of Rs.0.04 per share for the financial year ended 31 December 2015. This dividend is to be approved by the shareholders at the Annual General Meeting to be held on 31 March 2016.

4 Information on Ordinary Shares

Market Value	31.12.2015	31.12.2014
	Rs.	Rs.
Market value	20.20	25.30
Highest price for the quarter	22.60	27.20
Lowest price for the quarter	20.00	22.50

SEGMENTAL ANALYSIS - GROUP
For the year ended 31 December

	Corporate		Treasury		SME		Retail		Other Group Companies		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Interest Income	1,179,162	891,321	896,567	616,741	1,645,495	2,360,579	307,024	-	970,257	614,091	4,998,505	4,482,731
Inter-Segment Interest Income	-	-	-	-	-	522,836	2,235,034	-	-	-	2,235,034	522,836
Total Interest Income	1,179,162	891,321	896,567	616,741	1,645,495	2,883,415	2,542,058	-	970,257	614,091	7,233,539	5,005,568
Total Interest Expense	150,578	295,837	387,150	83,056	8,522	1,814,785	1,602,103	-	410,075	318,516	2,558,428	2,512,194
Inter-Segment Interest Expense	764,972	458,662	249,452	64,175	1,220,610	-	-	-	-	-	2,235,034	522,836
Net Interest Income	263,612	136,822	259,965	469,511	416,363	1,068,630	939,955	-	560,182	295,575	2,440,078	1,970,538
Total Other Income	97,294	80,272	426,366	194,001	265,575	261,801	8,822	-	197,392	236,984	995,450	773,057
Total Net Income	360,907	217,094	686,332	663,512	681,939	1,330,431	948,777	-	757,574	532,558	3,435,528	2,743,595
Less :												
Impairment	44,297	35,662	-	-	120,154	505,503	12,278	-	83,405	(14,637)	260,134	526,528
Depreciation & Amortisation	27,576	24,957	27,576	24,957	113,724	220,851	168,284	-	26,992	23,065	364,153	293,829
Other Expenses	316,795	253,031	365,694	265,157	491,966	850,556	803,543	-	404,779	321,352	2,382,777	1,690,096
Segmental Results	(27,762)	(96,556)	293,062	373,397	(43,906)	(246,479)	(35,329)	-	242,398	202,779	428,464	233,142
Less: VAT and NBT on Financial Services											136,284	72,610
Less: Taxation											37,437	82,335
Profit After Taxation											254,743	78,197
Cash flow from operating activities	656,523	(304,975)	541,627	(271,459)	895,706	(727,430)	167,045	-	(638,483)	(153,591)	1,622,418	(1,457,455)
Cash flow from investing activities	(154,221)	(491,820)	(15,317,402)	(437,771)	(210,407)	(1,173,095)	(39,240)	-	(219,410)	(252,105)	(15,940,679)	(2,354,792)
Cash flow from financing activities	-	422,191	4,899,216	11,796,269	-	1,007,015	-	-	613,794	212,624	5,513,010	13,438,099
As at 31 December 2015												
Other Information												
Segment Assets	20,860,915	9,102,578	22,935,433	17,394,928	18,498,170	19,411,525	4,362,801	-	7,885,846	4,761,780	74,543,164	50,670,811
Unallocated Assets											1,998,962	1,887,560
Consolidated Total Assets											76,542,126	52,558,370
Segment Liabilities	4,686,267	2,657,070	15,216,824	2,947,364	247,523	25,671,181	33,470,802	-	5,527,064	4,035,256	59,148,481	35,310,872
Unallocated Liabilities											678,577	750,466
Consolidated Total Liabilities											59,827,057	36,061,339

Union Bank of Colombo PLC

INFORMATION ON ORDINARY SHARES OF THE BANK

As at 31 December 2015

TOP 20 SHAREHOLDERS

Name	No. of shares as at 31.12.2015	% holding
1 Culture Financial Holdings Ltd	763,984,374	70.0%
2 Vista Knowledge Pte Ltd	64,677,973	5.9%
3 Associated Electrical Corporation Ltd	29,237,387	2.7%
4 Mr. A.I. Lovell	22,743,780	2.1%
5 Mr. C.P.A Wijeyesekera	18,508,468	1.7%
6 Mr. D.A.J Warnakulasuriya	14,842,730	1.4%
7 EXSAB International Holding Co. for Trading Development	8,902,139	0.8%
8 Ashyaki Holdings (Pvt) Ltd.	7,792,506	0.7%
9 Mr. M.D. Samarawickrama	7,660,582	0.7%
10 Mr. S.P. Khattar	7,343,365	0.7%
11 Sterling Holdings (Private) Ltd	7,207,557	0.7%
12 Dr. T. Senthilvel	6,365,767	0.6%
13 Asian Alliance Insurance PLC - A/C 02 (Life Fund)	6,067,256	0.6%
14 Rosewood (Pvt) Ltd - Account No. 1	5,500,698	0.5%
15 Commercial Agencies (Ceylon) Ltd.	4,050,833	0.4%
16 Ajita De Zoysa & Company Limited.	4,050,832	0.4%
17 Anverally and Sons (Pvt) Ltd A/C No 01	2,932,600	0.3%
18 Standard Chartered Bank Singapore S/A HL Bank Singapore Branch	2,875,149	0.3%
19 Rubber Investment Trust Limited A/C No 01	2,078,975	0.2%
20 Ceylon Biscuits Limited	2,000,000	0.2%
	988,822,971	90.6%
Other shareholders	102,583,278	9.4%
Total	1,091,406,249	100.0%

As at 31 December 2015

Number of shares in public holding	239,161,850
Number of public shareholders	33,532
Percentage of public holding	21.9%

DIRECTORS' HOLDING IN SHARES

Name	No. of shares held as at 31.12.2015
Dr. P. Jayendra Nayak	None
Mr. Alexis Indrajit Lovell	22,743,780
Mr. Bodahandi Asoka Keerthi de Silva	8,900
Ms. Sow Lin Chiew	None
Ms. Yoke Sun Woon (Alternate Director to Ms. Sow Lin Chiew)	None
Mr. Priyantha Fernando	None
Mr. Sabry Ghouse	None
Mr. Imtiaz Muhseen	None
Mr. Ranvir Dewan	None
Mr. Gaurav Trehan	None
Mr. Puneet Bhatia	None
Mr. Michael J. O' Hanlon	None
Ms. Ayomi Aluwihare	None
Mr. Sumedh Jog (Alternate Director to Mr. Michael J. O' Hanlon)	None
Mr. Indrajit Wickramasinghe	None

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2015

MEASUREMENT OF FINANCIAL INSTRUMENTS

a. Bank - 31 December 2015

	HFT	HTM	L & R	AFS	Others	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
ASSETS						
Cash and cash equivalents	-	-	3,017,938	-	-	3,017,938
Balances with Central Bank	-	-	1,306,812	-	-	1,306,812
Placements with banks	-	-	284,078	-	-	284,078
Derivative financial instruments	10,621	-	-	-	-	10,621
Other financial assets - Held for trading	8,463,808	-	-	-	-	8,463,808
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
LIABILITIES						
Due to banks	-	6,945,249	-	6,945,249	-	6,945,249
Due to other customers	-	45,895,059	-	45,895,059	-	45,895,059
Other liabilities	-	954,193	-	954,193	-	954,193
Total financial liabilities	-	53,794,501	-	53,794,501	-	-

b. Bank - 31 December 2014 (Audited)

	HFT	HTM	L & R	AFS	Others	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
ASSETS						
Cash and cash equivalents	682,354	-	11,320,219	-	-	12,002,573
Balances with Central Bank	-	-	949,105	-	-	949,105
Placements with banks	-	-	73,995	-	-	73,995
Derivative financial instruments	4,150	-	-	-	-	4,150
Other financial assets - Held for trading	2,584,471	-	-	-	-	2,584,471
Loans and receivables to other customers	-	-	25,944,570	-	-	25,944,570
Other loans and receivables	-	-	2,470,115	-	-	2,470,115
Financial investments - Available for sale	-	-	-	1,647,686	-	1,647,686
Financial investments - Held to maturity	-	140,027	-	-	-	140,027
Other assets	-	-	16,462	-	-	16,462
Total financial assets	3,270,975	140,027	40,774,466	1,647,686	-	45,833,155
LIABILITIES						
Due to banks	-	2,090,588	-	2,090,588	-	2,090,588
Due to other customers	-	28,925,381	-	28,925,381	-	28,925,381
Other liabilities	-	855,678	-	855,678	-	855,678
Total financial liabilities	-	31,871,646	-	31,871,646	-	-

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2015

MEASUREMENT OF FINANCIAL INSTRUMENTS

a. Group - 31 December 2015

	HFT Rs.	HTM Rs.	L & R Rs.	AFS Rs.	Others Rs.	Total Rs.
ASSETS						
Cash and cash equivalents	-	-	3,328,152	-	-	3,328,152
Balances with Central Bank	-	-	1,306,812	-	-	1,306,812
Derivative financial instruments	10,621	-	-	-	-	10,621
Placements with banks	-	-	294,074	-	-	294,074
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 loans and receivables	-	-	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	-	72,575,282

	HFT Rs.	Amortised cost Rs.	Others Rs.	Total Rs.
LIABILITIES				
Due to banks	-	7,156,388	-	7,156,388
Due to other customers	-	49,618,454	-	49,618,454
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

b. Group - 31 December 2014 (Audited)

	HFT Rs.	HTM Rs.	L & R Rs.	AFS Rs.	Others Rs.	Total Rs.
ASSETS						
Cash and cash equivalents	682,354	-	11,700,037	-	-	12,382,390
Balances with Central Bank	-	-	949,105	-	-	949,105
Derivative financial instruments	4,150	-	-	-	-	4,150
Placements with banks	-	-	186,430	-	-	186,430
Other financial assets - Held for trading	2,584,471	-	-	-	-	2,584,471
Loans and receivables to banks	-	-	16,004	-	-	16,004
Loans and receivables to other customers	-	-	29,217,857	-	-	29,217,857
Other financial assets - Held for trading	-	-	1,649,134	-	-	1,649,134
Financial investments - Available for sale	-	-	-	1,800,750	-	1,800,750
Financial investments - Held to maturity	-	140,027	-	-	-	140,027
Other assets	-	-	28,812	-	-	28,812
Total financial assets	3,270,975	140,027	43,747,379	1,800,750	-	48,959,132

	HFT Rs.	Amortised cost Rs.	Others Rs.	Total Rs.
LIABILITIES				
Due to banks	-	2,145,832	-	2,145,832
Due to other customers	-	31,419,544	-	31,419,544
Other borrowed funds	-	845,085	-	845,085
Other liabilities	-	855,678	-	855,678
Total financial liabilities	-	35,266,139	-	35,266,139

Union Bank of Colombo PLC

SELECTED PERFORMANCE INDICATORS

As at 31 December 2015

Item	Bank	
	31-Dec-15	31-Dec-14
Regulatory Capital Adequacy		
Core Capital (Tier 1 Capital), Rs. '000	15,458,060	15,485,556
Total Capital Base, Rs. '000	15,177,627	15,199,541
Core Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 5%)	24.41%	41.70%
Total Capital Adequacy Ratio, as % of Risk Weighted Assets (Minimum Requirement, 10%)	23.96%	40.93%
Assets Quality (Quality of Loan Portfolio)		
Gross Non-Performing Advances Ratio, % (net of interest in suspense)	3.55%	8.25%
Net-Non Performing Advances, % (net of interest in suspense and provision)	2.69%	7.44%
Profitability		
Interest Margin, %	3.37%	4.20%
Return on Assets (before tax), %	0.34%	0.14%
Return on Equity, %	1.14%	0.70%
Regulatory Liquidity		
Statutory Liquid Assets, Rs. '000		
Domestic Banking Unit	8,966,288	15,298,157
Foreign Currency Banking Unit	621,730	364,972
Statutory Liquid Assets Ratio, % (Minimum Requirement, 20%)		
Domestic Banking Unit	21.87%	51.12%
Foreign Currency Banking Unit	22.70%	22.51%

CERTIFICATION:

We, the undersigned, being the Chairman, 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
Chief Executive Officer

Sgd.

P. Jayendra Nayak
Chairman

Date: 24 February 2016