Shape the future with confidence

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Board of Directors
Union Bank of Colombo PLC
No.64, Galle Road
Colombo 03.

03 October 2025

Accountant's Report
Union Bank of Colombo PLC

Dear Sirs/Mesdames,

Introduction

This report has been prepared for the purpose of the prospectus issued in connection with the initial issue of Twenty Million (20,000,000), Basel III Compliant – Tier II, Listed, Rated, Unsecured, Subordinated, Redeemable five year High Yield Debentures with a Non-Viability Conversion feature ("Debentures") of LKR 100/- each with an option to issue up to a further Ten Million (10,000,000) of the said Debentures to raise up to a maximum of Sri Lankan Rupees Three Billion (LKR 3,000,000,000/-) at the discretion of the Bank, by Union Bank of Colombo PLC (the "Bank").

We have examined the Financial Statements of the Bank for the years ended 31 December 2020 to 31 December 2024, and report as follows.

1. Incorporation

The Bank was incorporated in Sri Lanka on 02 February 1995 as a Public Limited Liability Company incorporated in Sri Lanka under the Companies Act No. 17 of 1982 and reregistered under the Companies Act No. 7 of 2007. Listed as a public quoted Company on the Colombo Stock Exchange. A Licensed Commercial Bank under the Banking Act No. 30 of 1988. The registered office address of the Bank is located at No. 64, Galle Road, Colombo 03, Sri Lanka.

2. Financial Information

2.1 Five-year Summary of Audited Financial Statements

A summary of Statements of Financial Position, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Bank for the financial years ended 31 December 2020 to 31December 2024, based on the audited Financial Statements are set out on Annexure of the Accountants' Report.

(Contd...2/)

Partners: D K Hulangamuwa FCA FCMA LLB (London), A P A Gunasekera FCA FCMA, Ms. Y A De Silva FCA, Ms. G G S Manatunga FCA, W K B S P Fernando FCA FCMA FCCA, B E Wijesuriya FCA FCMA, R N de Saram ACA FCMA, N M Sulaiman FCA FCMA, Ms. L K H L Fonseka FCA, Ms. P V K N Sajeewani FCA, A A J R Perera FCA ACMA, N Y R L Fernando ACA, D N Gamage ACA ACMA, C A Yalagala ACA ACMA, Ms. P S Paranavitane ACA ACMA LLB (Colombo), B Vasanthan ACA ACMA, W D P L Perera ACA

Principals: T P M Ruberu FCMA FCCA MBA (USJ-SL), G B Goudian ACMA, D L B Karunathilaka ACMA, W S J De Silva Bsc (Hons) - MIS Msc - IT, V Shakthivel B.Com (Sp), M U M Mansoor ACA

A member firm of Ernst & Young Global Limited

2.2 Audited Financial Statements for the Year Ended 31 December 2024

Our audit report on the Financial Statements of the Bank for the year ended 31 December 2024 together with such Financial Statements comprising the Statements of Financial Position, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows along with the accounting policies and notes thereon are issued on 28 February 2025.

2.3 Audit Reports

We have audited the Financial Statements of the Bank for the years ended 31 December 2020, 31 December 2021, 31 December 2022, 31 December 2023 and December 2024. Unmodified audit opinions have been issued for the said financial years by our reports dated 25 February 2021, 25 February 2022, 28 February 2023, 28 February 2024 and 28 February 2025 respectively.

2.4 Accounting Policies

The Financial Statements of the Bank for the years ended 31 December 2020 to 31 December 2024 comply with Sri Lanka Accounting Standards.

The accounting policies of the Bank are stated in detail in the audited Financial Statements of the Bank for the year ended 31 December 2024.

2.5 Dividends

2.5.1 The Bank has paid dividends during the last five years as follows.

Year	Dividend Paid (Rs. '000)	Dividend Per Share (Rs.)
2020	151,698	0.14
2021	140,863	0.13
2022	Nil	Nil
2023	Nil	Nil
2024	Nil	Nil

The Bank has not paid any dividends for the financial year ended 31 December 2024.

2.6 Events after Reporting Date

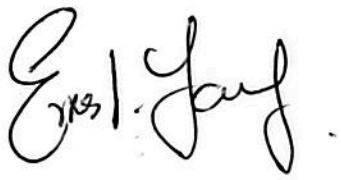
There were no material circumstances that have arisen since the reporting date, which require adjustment to or disclosure in the Financial Statements.

(Contd...3/)

3. Restriction on Use

This report is made solely for the purpose of the Board of Directors of Union Bank of Colombo PLC in usage in the application for the purpose of issued in connection with the initial issue of Twenty Million (20,000,000), Basel III Compliant – Tier II, Listed, Rated, Unsecured, Subordinated, Redeemable five year High Yield Debentures with a Non-Viability Conversion feature ("Debentures") of LKR 100/- each with an option to issue up to a further Ten Million (10,000,000) of the said Debentures to raise up to a maximum of Sri Lankan Rupees Three Billion (LKR 3,000,000,000/-) at the discretion of the Bank, by Union Bank of Colombo PLC (the "Bank").

Yours faithfully,



UNIONBANK

30th September 2025

The Partner
Ernst & Young,
Chartered Accountants,
Rotunda Towers,
No. 109, Galle Road,
Colombo - 03.

Dear Ms. Hiranthi Fonseka,

Request for Accountant's Statement for Inclusion in the Prospectus – Proposed Debenture Issuance

We write in connection with the proposed debenture issuance of Union Bank of Colombo PLC. The Bank intends to issue up to maximum of thirty million of BASEL III Complaint, Tier 2, Listed, Rated, Unsecured, Subordinated Redeemable High Yield Debentures with a non-viability conversion with a par value of Sri Lankan Rupees 100 each, to the public by way of an Initial Public Offering.

In this regard, we kindly request you to provide the Accountant's Statement to be included in the Prospectus, as required under the applicable regulatory framework. Further, we request you to certify the attached latest five-year financial summary extracted from the Audited Financial Statements of the Company as of 31 December each year.

The annexures provided herewith contain the relevant extracts for your review and certification:

- **Annexure I** - STATEMENT OF FINANCIAL POSITION – BANK
- **Annexure II** - STATEMENT OF FINANCIAL POSITION – GROUP
- **Annexure III** - STATEMENT OF PROFIT OR LOSS – BANK
- **Annexure IV** - STATEMENT OF PROFIT OR LOSS – GROUP
- **Annexure V** - STATEMENT OF COMPREHENSIVE INCOME – BANK
- **Annexure VI** - STATEMENT OF COMPREHENSIVE INCOME – GROUP
- **Annexure VII** - STATEMENT OF CHANGES IN EQUITY – BANK
- **Annexure VIII** - STATEMENT OF CHANGES IN EQUITY – GROUP
- **Annexure IX** - STATEMENT OF CASH FLOWS – BANK
- **Annexure X** - STATEMENT OF CASH FLOWS – GROUP

We would appreciate your cooperation in completing this exercise at the earliest to enable timely publication of the Prospectus.

Shanka Abeywardena
CHIEF FINANCIAL OFFICER

Dilshan Rodrigo
DIRECTOR/CHIEF EXCUTIVE OFFICER

ERNST & YOUNG
Chartered Accountants
COLOMBO

UNIONBANK

Annexure I - STATEMENT OF FINANCIAL POSITION – BANK

	Bank				
	2024	2023	2022	2021	2020
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Assets					
Cash and cash equivalents	3,736,158	3,181,546	5,831,375	2,322,357	2,405,091
Balances with Central Bank of Sri Lanka	375,596	484,876	2,170,248	1,492,713	722,727
Placements with Banks	1,135,072	3,618,819	1,659,589	118,969	15,747
Reverse repurchase agreements	562,470	2,989,653	375,582	1,000,505	-
Derivative financial instruments	44,429	28,856	14,794	26,402	38,189
Financial assets at fair value through profit or loss	4,884,509	6,495,860	1,648,699	2,575,616	7,143,403
Financial assets at amortised cost - loans and advances to customers	81,202,856	62,207,758	67,726,643	67,835,059	67,517,674
Financial assets at amortised cost - debt and other instruments	22,863,756	30,845,784	35,889,996	17,157,602	21,168,076
Financial assets at fair value through other comprehensive income	23,322,397	20,236,964	5,286,053	18,249,861	19,385,038
Investments in subsidiaries	3,043,405	2,814,347	2,761,747	2,905,051	882,478
Goodwill and intangible assets	1,615,188	1,210,845	1,459,304	1,318,660	1,314,234
Property, plant and equipment and Right of use assets	2,109,613	1,584,821	1,710,640	1,763,340	1,317,789
Deferred tax assets	582,376	827,216	483,966	351,256	-
Other assets	1,713,847	2,560,374	2,464,317	1,288,710	1,032,828
Total assets	**147,191,673**	**139,087,719**	**129,482,953**	**118,406,101**	**122,943,274**
Liabilities					
Due to Banks	7,996,693	3,375,823	2,601,475	6,056,855	9,980,590
Derivative financial instruments	22,162	56,769	-	22,327	8,313
Repurchase agreements	13,197,001	25,431,273	12,551,812	8,662,744	10,205,564
Financial liabilities at amortised cost - Due to customers	103,740,584	87,984,721	92,591,545	83,416,119	82,383,852
Current tax liability	34,978	363,738	276,181	365,844	262,689
Deferred tax liabilities	-	-	-	-	53,841
Other liabilities	2,359,897	2,611,369	2,649,109	1,956,993	1,958,408
Total liabilities	**127,351,315**	**119,823,693**	**110,670,122**	**100,480,882**	**104,853,257**
Equity					
Stated capital	16,334,782	16,334,782	16,334,782	16,334,782	16,334,782
Share warrants	65,484	65,484	65,484	65,484	65,484
Statutory reserve fund	292,152	277,142	258,182	242,473	204,227
Fair value through OCI reserve	333,875	83,899	14,099	(620,022)	217,840
Retained earnings	2,771,202	2,461,628	2,102,979	1,879,002	1,244,184
ESOP reserve	42,863	41,091	37,305	23,500	23,500
Total equity attributable to equity holders of the Bank	**19,840,358**	**19,264,026**	**18,812,831**	**17,925,219**	**18,090,017**
Non-controlling interest	-	-	-	-	-
Total equity	**19,840,358**	**19,264,026**	**18,812,831**	**17,925,219**	**18,090,017**
Total equity and liabilities	**147,191,673**	**139,087,719**	**129,482,953**	**118,406,101**	**122,943,274**

The above summarized financial information has been extracted from the Audited Financial Statements, for which the management is responsible, and is signed on behalf of the management of the Bank by:

Shanka Abeywardena
CHIEF FINANCIAL OFFICER

Dilshan Rodrigo
DIRECTOR/CHIEF EXCUTIVE OFFICER

ERNST & YOUNG
Chartered Accountants
COLOMBO

UNIONBANK

Annexure II - STATEMENT OF FINANCIAL POSITION – GROUP

	GROUP				
	2024	2023	2022	2021	2020
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Assets					
Cash and cash equivalents	4,333,380	3,329,804	6,016,521	2,470,657	2,832,540
Balances with Central Bank of Sri Lanka	375,596	484,876	2,170,248	1,492,713	722,727
Placements with Banks	1,135,072	3,618,819	1,659,589	118,969	15,747
Reverse repurchase agreements	562,470	2,989,653	375,582	1,144,628	240,736
Derivative financial instruments	44,429	28,856	14,794	26,402	38,189
Financial assets at fair value through profit or loss	4,994,837	6,606,034	2,218,303	2,584,312	7,180,220
Financial assets at amortised cost - loans and advances to customers	89,885,133	69,558,902	76,103,118	75,303,620	73,776,668
Financial assets at amortised cost - debt and other instruments	23,874,378	33,297,389	35,795,165	16,991,208	20,509,495
Financial assets at fair value through other comprehensive income	23,353,910	20,258,822	5,307,787	18,276,759	19,397,252
Investments in real estate	46,225	64,478	76,222	89,110	106,890
Goodwill and intangible assets	1,941,454	1,541,836	1,793,296	1,657,051	1,661,555
Property, plant and equipment and Right of use assets	2,530,960	1,900,736	1,913,671	1,948,758	1,523,305
Deferred tax assets	654,579	975,965	673,278	614,876	445,436
Other assets	1,861,798	2,675,619	2,561,431	1,373,862	1,119,602
Total assets	**155,594,221**	**147,331,789**	**136,679,005**	**124,092,925**	**129,570,362**
Liabilities					
Due to Banks	8,215,859	3,442,119	2,679,312	5,824,570	9,168,079
Derivative financial instruments	22,162	56,769	-	22,327	8,313
Repurchase agreements	13,197,001	25,431,273	12,451,749	8,282,700	10,100,553
Financial liabilities at amortised cost - Due to customers	110,629,257	95,391,334	98,942,753	87,618,235	87,104,192
Financial liabilities at amortised cost - Other borrowed funds	407,128	-	331,516	1,636,362	2,347,634
Current tax liability	36,285	365,484	283,816	388,738	471,398
Deferred tax liabilities	-	-	-	193	54,135
Other liabilities	2,877,701	3,038,367	2,974,110	2,298,948	2,251,102
Total liabilities	**135,385,393**	**127,725,346**	**117,663,256**	**106,072,073**	**111,505,406**
Equity					
Stated capital	16,334,782	16,334,782	16,334,782	16,334,782	16,334,782
Share warrants	65,484	65,484	65,484	65,484	65,484
Statutory reserve fund	319,758	304,748	282,802	267,093	228,847
Fair value through OCI reserve	346,111	96,135	26,335	(607,786)	230,076
Retained earnings	2,537,465	2,203,461	1,998,295	1,654,441	951,674
ESOP reserve	42,863	41,091	37,305	23,500	23,500
Regulatory loss allowance reserve	201,688	228,647	-	-	-
Total equity attributable to equity holders of the Bank	**19,848,151**	**19,274,348**	**18,745,003**	**17,737,514**	**17,834,363**
Non-controlling interest	360,677	332,095	270,746	283,338	230,593
Total equity	**20,208,828**	**19,606,443**	**19,015,749**	**18,020,852**	**18,064,956**
Total equity and liabilities	**155,594,221**	**147,331,789**	**136,679,005**	**124,092,925**	**129,570,362**

The above summarized financial information has been extracted from the Audited Financial Statements, for which the management is responsible, and is signed on behalf of the management of the Bank by:

Shanka Abeywardena
CHIEF FINANCIAL OFFICER

Dilshan Rodrigo
DIRECTOR/CHIEF EXCUTIVE OFFICER

ERNST & YOUNG
Chartered Accountants
COLOMBO

UNIONBANK

Annexure III - STATEMENT OF PROFIT OR LOSS – BANK

	Bank				
	2024	2023	2022	2021	2020
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Gross income	**16,450,684**	**22,410,834**	**18,966,036**	**10,978,924**	**13,370,190**
Interest income	14,008,163	20,216,418	16,728,096	9,146,880	11,179,991
Less: Interest expenses	9,181,644	13,926,221	10,914,005	4,889,654	7,310,035
Net interest income	**4,826,519**	**6,290,197**	**5,814,091**	**4,257,226**	**3,869,956**
Fee and commission income	1,543,796	1,586,792	1,444,896	1,054,185	872,531
Less: Fee and commission expenses	391,417	386,983	302,386	194,130	169,906
Net fee and commission income	**1,152,379**	**1,199,809**	**1,142,510**	**860,055**	**702,625**
Net fair value gains/ (losses) from financial instruments at fair value through profit or loss	133,668	55,843	-	-	-
Net gains/(losses) from derecognition of financial investments	737,131	456,200	-	-	-
Net fair value gains/(losses) from financial instruments at fair value through profit or loss	-	-	39,097	233,567	533,033
Net gains/(losses) from financial assets at fair vale through other comprehensive income	-	-	3,906	205,235	610,463
Net other operating income	27,926	95,582	750,041	339,057	174,172
Total operating income	**6,877,623**	**8,097,630**	**7,749,645**	**5,895,140**	**5,890,249**
Less: Impairment for loans and other losses	141,901	1,643,327	2,555,959	932,879	735,731
Net operating income	**6,735,722**	**6,454,303**	**5,193,686**	**4,962,261**	**5,154,518**
Less: Operating expenses					
Personnel expenses	2,425,758	2,349,674	2,003,351	1,811,802	1,901,968
Depreciation and amortisation	814,325	766,341	727,484	677,675	664,964
Other expenses	2,287,444	2,003,687	1,538,316	1,190,738	1,205,314
Total operating expenses	**5,527,527**	**5,119,702**	**4,269,151**	**3,680,215**	**3,772,246**
Results from operating activities	**1,208,195**	**1,334,601**	**924,535**	**1,282,046**	**1,382,272**
Share of profit/(losses) of equity accounted investees, net of tax	(1,471)	57,499	(136,361)	66,038	(28,945)
Prot before value added tax (VAT) on Fnancial services & social security contribution Levy (SSCL)	**1,206,724**	**1,392,100**	**788,174**	**1,348,084**	**1,353,327**
Less: VAT on financial services & SSCL	549,446	611,856	431,746	368,745	414,394
Prot before income tax	**657,278**	**780,244**	**356,428**	**979,339**	**938,933**
Less: Income tax expense	357,076	401,038	42,240	214,420	362,397
Prot for the year	**300,202**	**379,206**	**314,188**	**764,919**	**576,536**
Attributable to:					
Equity holders of the parent	300,202	379,206	314,188	764,919	576,536
Non-controlling interest	-	-	-	-	-
Profit for the year	**300,202**	**379,206**	**314,188**	**764,919**	**576,536**

The above summarized financial information has been extracted from the Audited Financial Statements, for which the management is responsible, and is signed on behalf of the management of the Bank by:

Shanka Abeywardena
CHIEF FINANCIAL OFFICER

Dilshan Rodrigo
DIRECTOR/CHIEF EXCUTIVE OFFICER

ERNST & YOUNG
Chartered Accountants
COLOMBO

UNIONBANK

Annexure IV - STATEMENT OF PROFIT OR LOSS – GROUP

	GROUP				
	2024	2023	2022	2021	2020
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Gross income	**18,677,455**	**24,893,437**	**21,091,781**	**12,723,121**	**15,042,092**
Interest income	15,974,939	22,493,007	18,681,445	10,699,360	12,714,314
Less: Interest expenses	10,358,394	15,318,594	11,919,476	5,514,469	8,176,717
Net interest income	**5,616,545**	**7,174,413**	**6,761,969**	**5,184,891**	**4,537,597**
Fee and commission income	1,678,780	1,685,569	1,540,486	1,188,398	969,229
Less: Fee and commission expenses	417,988	397,043	326,848	220,438	177,230
Net fee and commission income	**1,260,792**	**1,288,526**	**1,213,638**	**967,960**	**791,999**
Net fair value gains/ (losses) from financial instruments at fair value through profit or loss	129,448	55,843	-	-	
Net gains/(losses) from derecognition of financial investments	754,902	456,907	-	-	
Net fair value gains/(losses) from financial instruments at fair value through profit or loss	-	-	47,093	227,327	535,058
Net gains/(losses) from financial assets at fair vale through other comprehensive income	-	-	5,635	208,078	611,068
Net other operating income	139,386	202,111	817,122	399,958	212,423
Total operating income	**7,901,073**	**9,177,798**	**8,845,457**	**6,988,214**	**6,688,145**
Less: Impairment for loans and other losses	182,064	1,740,474	2,970,048	1,136,663	948,288
Net operating income	**7,719,009**	**7,437,324**	**5,875,409**	**5,851,551**	**5,739,857**
Less: Operating expenses					
Personnel expenses	2,775,329	2,685,089	2,306,386	2,064,869	2,131,069
Depreciation and amortisation	895,383	832,774	787,282	737,050	724,666
Other expenses	2,678,192	2,324,591	1,791,229	1,380,819	1,375,361
Total operating expenses	**6,348,904**	**5,842,454**	**4,884,897**	**4,182,738**	**4,231,096**
Results from operating activities	**1,370,105**	**1,594,870**	**990,512**	**1,668,813**	**1,508,761**
Share of profit/(losses) of equity accounted investees, net of tax	-	-	-	-	-
Prot before value added tax (VAT) on Fnancial services & social security contribution Levy (SSCL)	**1,370,105**	**1,594,870**	**990,512**	**1,668,813**	**1,508,761**
Less: VAT on financial services & SSCL	636,692	694,003	465,236	428,955	440,091
Prot before income tax	**733,413**	**900,867**	**525,276**	**1,239,858**	**1,068,670**
Less: Income tax expense	433,687	436,980	102,337	389,676	445,917
Prot for the year	**299,726**	**463,887**	**422,939**	**850,182**	**622,753**
Attributable to:					
Equity holders of the parent	297,673	456,292	434,065	836,834	632,712
Non-controlling interest	2,053	7,595	(11,126)	13,348	(9,959)
Profit for the year	**299,726**	**463,887**	**422,939**	**850,182**	**622,753**

The above summarized financial information has been extracted from the Audited Financial Statements, for which the management is responsible, and is signed on behalf of the management of the Bank by:

Shanka Abeywardena
CHIEF FINANCIAL OFFICER

Dilshan Rodrigo
DIRECTOR/CHIEF EXCUTIVE OFFICER

ERNST & YOUNG
Chartered Accountants
COLOMBO

UNIONBANK

Annexure V - STATEMENT OF COMPREHENSIVE INCOME – BANK

	Bank				
	2024	2023	2022	2021	2020
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Profit for the year	**300,202**	**379,206**	**314,188**	**764,919**	**576,536**
Other comprehensive income that will be reclassied to profit or loss in subsequent periods:					
Debt instruments at fair value through other comprehensive income					
Net change in fair value during the year	453,617	142,667	12,439	(620,905)	183,251
Reclassification to the income statement	(96,509)	(42,953)	(1,430)	(496,346)	58,221
Less: Income tax effect on above	(107,132)	(29,914)	(3,248)	268,140	(67,612)
Less: Income tax effect on rate change	-	-	(55)	11,673	-
Share of other comprehensive income of equity accounted investees, net of tax	-	-	(1,552)	(424)	(569)
Total items that will be reclassied to the statement of prot or loss	**249,976**	**69,800**	**6,154**	**(837,862)**	**173,291**
Other comprehensive income that will not be reclassied to profit or loss in subsequent periods:					
Actuarial gains/ (losses) on defined benefit plans	26,665	(3,278)	(105,665)	54,346	11,927
Revaluation gains/ (losses) on equity instruments at fair value	-	-	-	-	-
Less: Income tax effect on above	(8,000)	984	31,699	(13,004)	(3,340)
Less: Income tax effect on rate change	-	-	(1,569)	(1,167)	-
Share of other comprehensive income of equity accounted investees, net of tax	5,717	697	1,033	8,833	771
Total items that will not be reclassied to the statement of profit or loss	**24,382**	**(1,597)**	**(74,502)**	**49,008**	**9,358**
Other comprehensive income/(loss) for the year, net of taxes	**274,358**	**68,203**	**(68,348)**	**(788,854)**	**182,649**
Total comprehensive income for the year, net of tax	**574,560**	**447,409**	**245,840**	**(23,935)**	**759,185**
Attributable to:					
Equity holders of the parent	574,560	447,409	245,840	(23,935)	759,185
Non-controlling interest	-	-	-	-	-
Total comprehensive income for the year, net of tax	**574,560**	**447,409**	**245,840**	**(23,935)**	**759,185**

The above summarized financial information has been extracted from the Audited Financial Statements, for which the management is responsible, and is signed on behalf of the management of the Bank by:

Shanka Abeywardena
CHIEF FINANCIAL OFFICER

Dilshan Rodrigo
DIRECTOR/CHIEF EXCUTIVE OFFICER

ERNST & YOUNG
Chartered Accountants
COLOMBO

UNIONBANK

Annexure VI - STATEMENT OF COMPREHENSIVE INCOME – GROUP

	GROUP				
	2024	2023	2022	2021	2020
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Profit for the year	**299,726**	**463,887**	**422,939**	**850,182**	**622,753**
Other comprehensive income that will be reclassied to profit or loss in subsequent periods:					
Debt instruments at fair value through other comprehensive income					
Net change in fair value during the year	453,617	142,667	9,397	(621,737)	182,135
Reclassification to the income statement	(96,509)	(42,953)	(1,430)	(496,346)	58,221
Less: Income tax effect on above	(107,132)	(29,914)	(3,248)	268,340	(67,612)
Less: Income tax effect on rate change	-	-	(55)	11,473	-
Total items that will be reclassied to the statement of prot or loss	**249,976**	**69,800**	**4,664**	**(838,270)**	**172,744**
Other comprehensive income that will not be reclassied to profit or loss in subsequent periods:					
Actuarial gains/ (losses) on defined benefit plans	26,539	(2,666)	(108,941)	55,338	13,628
Revaluation gains/ (losses) on equity instruments at fair value through other comprehensive income	9,654	125	6,108	15,425	-
Less: Income tax effect on above	(10,858)	762	30,850	(16,944)	(3,816)
Less: Income tax effect on rate change	-	-	(2,495)	(1,167)	
Total items that will not be reclassied to the statement of	**25,335**	**(1,779)**	**(74,478)**	**52,652**	**9,812**
Other comprehensive income/(loss) for the year, net of taxes	**275,311**	**68,021**	**(69,814)**	**(785,618)**	**182,556**
Total comprehensive income for the year, net of tax	**575,037**	**531,908**	**353,124**	**64,564**	**805,309**
Attributable to:					
Equity holders of the parent	572,031	524,495	365,716	47,980	815,361
Non-controlling interest	3,006	7,413	(12,592)	16,584	(10,052)
Total comprehensive income for the year, net of tax	**575,037**	**531,908**	**353,124**	**64,564**	**805,309**

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Dilshan Rodrigo
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ERNST & YOUNG Chartered Accountants COLOMBO

UNIONBANK

Annexure VII - STATEMENT OF CHANGES IN EQUITY – BANK

	Stated Capital	Share Warrants	Statutory Reserve Fund	Fair value through OCI Reserve	Retained Earnings	ESOP Reserve	Total Equity
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Balance as at 1 January 2020	**16,334,782**	**65,484**	**175,400**	**44,549**	**838,815**	**51,426**	**17,510,456**
Total comprehensive income for the year							
Net profit for the year	-	-	-	-	576,536	-	**576,536**
Other comprehensive income	-	-	-	173,291	9,358	-	**182,649**
Total comprehensive income	**-**	**-**	**-**	**173,291**	**585,894**	**-**	**759,185**
Transactions with equity holders, recognised directly in equity							
Share based payment expense	-	-	-	-	-	(27,926)	**(27,926)**
Dividend to Equity Holders	-	-	-	-	(151,698)	-	**(151,698)**
Transfers during the year	-	-	28,827	-	(28,827)	-	**-**
Balance as at 31 December 2020	**16,334,782**	**65,484**	**204,227**	**217,840**	**1,244,184**	**23,500**	**18,090,017**
Total comprehensive income for the year							
Net profit for the year	-	-	-	-	764,919	-	**764,919**
Other comprehensive income	-	-	-	(837,862)	49,008	-	**(788,854)**
Total comprehensive income	**-**	**-**	**-**	**(837,862)**	**813,927**	**-**	**(23,935)**
Transactions with equity holders, recognised directly in equity							
Share based payment expense							**-**
Dividend to Equity Holders	-	-	-	-	(140,863)	-	**(140,863)**
Transfers during the year	-	-	38,246	-	(38,246)	-	**-**
Balance as at 31 December 2021	**16,334,782**	**65,484**	**242,473**	**(620,022)**	**1,879,002**	**23,500**	**17,925,219**
Total comprehensive income forthe year							
Net profit for the year	-	-	-	-	314,188	-	**314,188**
Other comprehensive income	-	-	-	6,154	(74,502)	-	**(68,348)**
Total comprehensive income	**-**	**-**	**-**	**6,154**	**239,686**	**-**	**245,840**
Transactions with equity holders, recognised directly in equity							
Share based payment expense	-	-	-	-	-	13,805	**13,805**
Instruments Transferred to Amortised Cost	-	-	-	627,967	-	-	**627,967**
Regulatory Loss Allowance Reserve	-	-	15,709	-	(15,709)	-	**-**
Balance as at 31 December 2022	**16,334,782**	**65,484**	**258,182**	**14,099**	**2,102,979**	**37,305**	**18,812,831**
Total comprehensive income for the year							
Net profit for the year	-	-	-	-	379,206	-	**379,206**
Other comprehensive income	-	-	-	69,800	(1,597)	-	**68,203**
Total comprehensive income	**-**	**-**	**-**	**69,800**	**377,609**	**-**	**447,409**
Transactions with equity holders, recognised directly in equity							
Share based payment expense	-	-	-	-	-	3,786	**3,786**
Transfers during the year	-	-	18,960	-	(18,960)	-	**-**
Balance as at 31 December 2023	**16,334,782**	**65,484**	**277,142**	**83,899**	**2,461,628**	**41,091**	**19,264,026**
Total comprehensive income for the year							
Net profit for the year	-	-	-	-	300,202	-	**300,202**
Other comprehensive income	-	-	-	249,976	24,382	-	**274,358**
Total comprehensive income	**-**	**-**	**-**	**249,976**	**324,584**	**-**	**574,560**
Transactions with equity holders, recognised directly in equity							
Share based payment expense	-	-	-	-	-	1,772	**1,772**
Transfers during the year	-	-	15,010	-	(15,010)	-	**-**
Balance as at 31 December 2024	**16,334,782**	**65,484**	**292,152**	**333,875**	**2,771,202**	**42,863**	**19,840,358**

The above summarized financial information has been extracted from the Audited Financial Statements, for which the management is responsible, and is signed on behalf of the management of the Bank by:

Shanka Abeywardena
CHIEF FINANCIAL OFFICER

Dilshan Rodrigo
DIRECTOR/CHIEF EXCUTIVE OFFICER

ERNST & YOUNG Chartered Accountants COLOMBO

UNIONBANK

Annexure VIII - STATEMENT OF CHANGES IN EQUITY – GROUP

	Stated Capital	Share Warrants	Statutory Reserve Fund	Fair value through OCI Reserve	Retained Earnings	ESOP Reserve	Regulatory Loss Allowance Reserve	Total Equity	Non Controlling Interest	Total
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Balance as at 1 January 2020	**16,334,782**	**65,484**	**200,020**	**56,785**	**490,129**	**51,426**	**-**	**17,198,626**	**240,645**	**17,439,271**
Total comprehensive income for the year										
Net profit for the year	-	-	-	-	632,712	-	-	**632,712**	(9,959)	**622,753**
Other comprehensive income	-	-	-	173,291	9,358	-	-	**182,649**	(93)	**182,556**
Total comprehensive income	**-**	**-**	**-**	**173,291**	**642,070**	**-**	**-**	**815,361**	**(10,052)**	**805,309**
Transactions with equity holders, recognised directly in equity										
Share based payment expense	-	-	-	-	-	(27,926)	-	**(27,926)**	-	**(27,926)**
Dividend to Equity Holders	-	-	-	-	(151,698)	-	-	**(151,698)**	-	**(151,698)**
Transfers during the year	-	-	28,827	-	(28,827)	-	-	-	-	-
Balance as at 31 December 2020	**16,334,782**	**65,484**	**228,847**	**230,076**	**951,674**	**23,500**	**-**	**17,834,363**	**230,593**	**18,064,956**
Total comprehensive income for the year										
Net profit for the year	-	-	-	-	836,834	-	-	**836,834**	13,348	**850,182**
Other comprehensive income	-	-	-	(837,862)	49,008	-	-	**(788,854)**	3,236	**(785,618)**
Total comprehensive income	**-**	**-**	**-**	**(837,862)**	**885,842**	**-**	**-**	**47,980**	**16,584**	**64,564**
Transactions with equity holders, recognised directly in equity										
Dividend to Equity Holders	-	-	-	-	(140,863)	-	-	**(140,863)**	-	**(140,863)**
Share issue - right issue	-	-	-	-	-	-	-	-	32,195	**32,195**
Change in control	-	-	-	-	(3,966)	-	-	**(3,966)**	3,966	-
Transfers during the year	-	-	38,246	-	(38,246)	-	-	-	-	-
Balance as at 31 December 2021	**16,334,782**	**65,484**	**267,093**	**(607,786)**	**1,654,441**	**23,500**	**-**	**17,737,514**	**283,338**	**18,020,852**
Total comprehensive income forthe year										
Net profit for the year	-	-	-	-	434,065	-	-	**434,065**	(11,126)	**422,939**
Other comprehensive income	-	-	-	6,154	(74,502)	-	-	**(68,348)**	(1,466)	**(69,814)**
Total comprehensive income	**-**	**-**	**-**	**6,154**	**359,563**	**-**	**-**	**365,717**	**(12,592)**	**353,125**
Transactions with equity holders, recognised directly in equity										
New Right Issue	-	-	-	-	-	-	-	-	-	-
Share based payment expense	-	-	-	-	-	13,805	-	**13,805**	-	**13,805**
Transfers during the year	-	-	15,709	-	(15,709)	-	-	-	-	-
Instruments Transferred to Amortised Cost	-	-	-	627,967	-	-	-	**627,967**	-	**627,967**
Balance as at 31 December 2022	**16,334,782**	**65,484**	**282,802**	**26,335**	**1,998,295**	**37,305**	**-**	**18,745,003**	**270,746**	**19,015,749**
Total comprehensive income for the year										
Net profit for the year	-	-	-	-	456,292	-	-	**456,292**	7,595	**463,887**
Other comprehensive income	-	-	-	69,800	(1,597)	-	-	**68,203**	(182)	**68,021**
Total comprehensive income	**-**	**-**	**-**	**69,800**	**454,695**	**-**	**-**	**524,495**	**7,413**	**531,908**
Transactions with equity holders, recognised directly in equity										
Share based payment expense	-	-	-	-	-	3,786	-	**3,786**	-	**3,786**
Regulatory Loss Allowance Reserve	-	-	-	-	(228,647)	-	228,647	-	-	-
Change in control	-	-	-	-	1,064	-	-	**1,064**	53,936	**55,000**
Transfers during the year	-	-	21,946	-	(21,946)	-	-	-	-	-
Balance as at 31 December 2023	**16,334,782**	**65,484**	**304,748**	**96,135**	**2,203,461**	**41,091**	**228,647**	**19,274,348**	**332,095**	**19,606,443**
Total comprehensive income for the year										
Net profit for the year	-	-	-	-	297,673	-	-	**297,673**	2,053	**299,726**
Other comprehensive income	-	-	-	249,976	24,382	-	-	**274,358**	953	**275,311**
Total comprehensive income	**-**	**-**	**-**	**249,976**	**322,055**	**-**	**-**	**572,031**	**3,006**	**575,037**
Transactions with equity holders, recognised directly in equity										
New Right Issue	-	-	-	-	-	-	-	-	25,576	**25,576**
Share based payment expense	-	-	-	-	-	1,772	-	**1,772**	-	**1,772**
Transfers during the year	-	-	15,010	-	(15,010)	-	-	-	-	-
Regulatory Loss Allowance Reserve	-	-	-	-	26,959	-	(26,959)	-	-	-
Balance as at 31 December 2024	**16,334,782**	**65,484**	**319,758**	**346,111**	**2,537,465**	**42,863**	**201,688**	**19,848,151**	**360,677**	**20,208,827**

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Dilshan Rodrigo
DIRECTOR/CHIEF EXCUTIVE OFFICER

ERNST & YOUNG
Chartered Accountants
COLOMBO

UNIONBANK

Annexure IX - STATEMENT OF CASH FLOWS – BANK

	Bank				
	2024	2023	2022	2021	2020
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Cash Flow from Operating Activities					
Interest receipts	13,068,063	19,716,630	15,418,589	8,755,576	10,485,733
Fee and commission receipts	1,152,380	1,199,809	1,142,510	860,055	702,626
Interest payments	(10,003,842)	(13,990,350)	(9,402,352)	(5,746,365)	(6,868,433)
Receipts from other operating activities	1,039,233	653,131	802,592	792,117	1,337,669
Payments on other operating activities	(5,499,366)	(5,210,254)	(3,896,519)	(3,431,949)	(3,804,974)
Operating profit before changes in operating assets & liabilities	**(243,532)**	**2,368,966**	**4,064,820**	**1,229,434**	**1,852,621**
(Increase)/decrease in operating assets:					
Balances with Central Bank of Sri Lanka	109,280	1,685,372	(677,535)	(769,986)	1,591,470
Financial assets at amortised cost - loans and advances to customers	(18,458,049)	3,796,832	(1,309,841)	(849,595)	9,700,625
Others	830,953	(110,119)	(1,164,000)	(244,896)	(134,584)
	(17,517,816)	**5,372,085**	**(3,151,376)**	**(1,864,477)**	**11,157,511**
Increase /(decrease) in operating liabilities:					
Due to Banks	2,079,883	249,778	724,454	(480,389)	568,740
Due to customers	16,403,496	(4,386,671)	7,758,163	1,917,731	5,444,433
Repurchase agreements	(12,163,695)	12,836,803	3,868,181	(1,555,645)	(1,905,348)
Others	(241,691)	157,460	283,430	(89,228)	(901,982)
	6,077,993	**8,857,370**	**12,634,228**	**(207,531)**	**3,205,843**
Net cash from/(used in) operating activities before income tax	**(11,683,355)**	**16,598,421**	**13,547,672**	**(842,574)**	**16,215,975**
Retirement benefit obligation paid	(108,129)	(55,417)	(41,630)	(22,900)	(9,016)
Income tax paid	(556,129)	(685,661)	(436,165)	(250,720)	(177,969)
Net cash from/(used in) operating activities	**(12,347,613)**	**15,857,343**	**13,069,877**	**(1,116,194)**	**16,028,990**
Cash flow from/(used in) investing activities					
Dividends received	1,536	1,019	1,093	1,041	960
Financial assets at fair value through profit or loss	1,641,200	(4,769,819)	957,820	4,537,306	(3,924,598)
Financial assets at fair value through other comprehensive income	(2,500,335)	(14,863,250)	(5,114,113)	(67,999)	(1,540,415)
Financial assets at amortised cost - debt and other instruments	7,982,917	5,305,661	149,833	3,800,779	(7,694,619)
Investment in subsidiaries	(228,703)	-	-	(1,956,015)	-
Purchase of property, plant & equipment	(758,921)	(98,236)	(118,698)	(418,176)	(65,732)
Purchase of intangible assets	(686,169)	(30,990)	(382,347)	(235,178)	(183,477)
Proceeds from sale of property, plant & equipment	1,216	847	3,331	169	6,430
Net cash from/(used in) investing activities	**5,452,741**	**(14,454,768)**	**(4,503,081)**	**5,661,927**	**(13,401,451)**
Cash flow from/(used in) financing activities					
Increase/(decrease) in borrowings	2,351,543	558,269	(4,084,406)	(3,494,704)	(3,114,273)
Dividend paid	-	-	-	(140,863)	(151,698)
Net cash from/(used in) financing activities	**2,351,543**	**558,269**	**(4,084,406)**	**(3,635,567)**	**(3,265,971)**
Net increase/(decrease) in cash and cash equivalents	**(4,543,329)**	**1,960,844**	**4,482,390**	**910,166**	**(638,432)**
Cash and cash equivalents at beginning of the year	9,767,999	7,807,155	3,324,765	2,414,599	3,053,031
Cash and cash equivalents at end of the year	**5,224,670**	**9,767,999**	**7,807,155**	**3,324,765**	**2,414,599**
Reconciliation of cash and cash equivalents					
Cash in hand and at Banks	3,736,158	3,181,546	5,831,375	2,322,357	2,405,091
Placements with Banks	1,134,133	3,618,819	1,659,589	118,969	15,747
Due to Banks - unfavourable balances with Banks	(208,091)	(22,019)	(59,391)	(117,066)	(6,239)
Reverse repurchase agreements	562,470	2,989,653	375,582	1,000,505	-
Total cash and cash equivalents at end of the year	**5,224,670**	**9,767,999**	**7,807,155**	**3,324,765**	**2,414,599**

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UNIONBANK

Annexure X - STATEMENT OF CASH FLOWS – GROUP

	GROUP				
	2024	2023	2022	2021	2020
	LKR '000	LKR '000	LKR '000	LKR '000	LKR '000
Cash Flow from Operating Activities					
Interest receipts	15,190,718	21,933,995	17,144,240	9,788,679	12,210,773
Fee and commission receipts	1,260,793	1,288,526	1,213,638	967,960	791,999
Interest payments	(11,967,467)	(14,384,929)	(10,300,189)	(6,437,221)	(7,841,467)
Receipts from other operating activities	1,156,194	749,195	875,591	832,467	1,373,838
Payments on other operating activities	(6,374,705)	(5,990,353)	(4,478,809)	(3,948,424)	(4,262,868)
Operating profit before changes in operating assets & liabilities	**(734,467)**	**3,596,434**	**4,454,471**	**1,203,461**	**2,272,275**
(Increase)/decrease in operating assets:					
Balances with Central Bank of Sri Lanka	109,280	1,685,372	(677,535)	(769,986)	1,591,470
Financial assets at amortised cost - loans and advances to customers	(19,988,019)	4,644,798	(2,424,740)	(2,355,458)	10,556,354
Others	816,501	(116,507)	(1,163,071)	(225,494)	(109,553)
	(19,062,238)	**6,213,663**	**(4,265,346)**	**(3,350,938)**	**12,038,271**
Increase /(decrease) in operating liabilities:					
Due to Banks	2,079,883	249,778	724,454	(480,389)	568,740
Due to customers	16,571,273	(4,340,973)	9,724,332	1,357,411	4,060,107
Repurchase agreements	(12,163,695)	12,936,866	4,148,162	(1,830,677)	(2,010,359)
Others	(194,447)	161,196	290,303	(242,989)	(913,013)
	6,293,014	**9,006,867**	**14,887,251**	**(1,196,644)**	**1,705,475**
Net cash from/(used in) operating activities before income tax	**(13,503,691)**	**18,816,964**	**15,076,376**	**(3,344,121)**	**16,016,021**
Retirement benefit obligation paid	(111,192)	(62,897)	(44,095)	(24,888)	(12,418)
Income tax paid	(559,488)	(687,153)	(436,762)	(253,326)	(187,308)
Net cash from/(used in) operating activities	**(14,174,371)**	**18,066,914**	**14,595,519**	**(3,622,335)**	**15,816,295**
Cash flow from/(used in) investing activities					
Dividends received	2,133	1,725	2,822	3,884	1,564
Financial assets at fair value through profit or loss	1,774,930	(4,305,399)	(117,894)	5,067,724	(3,917,385)
Financial assets at fair value through other comprehensive income	(2,509,990)	(14,863,375)	(5,111,990)	(82,684)	(1,539,391)
Financial assets at amortised cost - debt and other instruments	9,423,898	2,849,875	348,821	3,549,782	(7,697,638)
Purchase of property, plant & equipment	(863,584)	(142,610)	(143,602)	(433,530)	(79,363)
Purchase of intangible assets	(686,845)	(35,530)	(382,689)	(236,656)	(185,310)
Proceeds from sale of property, plant & equipment	4,988	2,197	3,331	8,359	18,540
Net cash from/(used in) investing activities	**7,145,530**	**(16,493,117)**	**(5,401,201)**	**7,876,879**	**(13,398,983)**
Cash flow from/(used in) financing activities					
Increase/(decrease) in borrowings	2,756,970	228,867	(4,821,685)	(3,576,801)	(2,217,829)
Dividend paid	-	-	-	(140,863)	(151,698)
Proceeds from shares	25,576	55,000	-	-	-
Net cash from/(used in) financing activities	**2,782,546**	**283,867**	**(4,821,685)**	**(3,717,664)**	**(2,369,527)**
Net increase/(decrease) in cash and cash equivalents	**(4,246,295)**	**1,857,663**	**4,372,633**	**536,880**	**47,785**
Cash and cash equivalents at beginning of the year	9,849,960	7,992,297	3,619,664	3,082,784	3,034,999
Cash and cash equivalents at end of the year	**5,603,665**	**9,849,960**	**7,992,297**	**3,619,664**	**3,082,784**
Reconciliation of cash and cash equivalents					
Cash in hand and at Banks	4,333,380	3,329,804	6,016,521	2,470,657	2,832,540
Placements with Banks	1,135,072	3,618,819	1,659,589	118,969	15,747
Due to Banks - unfavourable balances with Banks	(427,257)	(88,316)	(59,395)	(114,590)	(6,239)
Reverse repurchase agreements	562,470	2,989,653	375,582	1,144,628	240,736
Total cash and cash equivalents at end of the year	**5,603,665**	**9,849,960**	**7,992,297**	**3,619,664**	**3,082,784**

The above summarized financial information has been extracted from the Audited Financial Statements, for which the management is responsible, and is signed on behalf of the management of the Bank by:

Shanka Abeywardena
CHIEF FINANCIAL OFFICER

Dilshan Rodrigo
DIRECTOR/CHIEF EXCUTIVE OFFICER

ERNST & YOUNG
Chartered Accountants
COLOMBO