

Interim Financial Results For The Nine Months Ended 30th September 2018

This commentary relates to the interim non audited financial statements for the nine months ended 30 September 2018 presented in accordance with Sri Lanka Accounting Standard 34 (LKAS 34) on “Interim Financial Statements”. The Sri Lanka Accounting Standard – SLFRS 9 Financial Instruments is effective for annual periods beginning on or after 01 January 2018. However, as per the “Statement of Alternative Treatment (SoAT) on the Figures in the Interim Financial Statements”, CA Sri Lanka has granted the option to prepare the interim financial statements continuing the application of LKAS 39 Financial Instruments: Recognition and Measurement and the Bank has decided to use this option.

Profitability

The DFCC Group, consists of commercial banking, investment banking, wealth management, information technology, industrial park management and consultancy businesses.

DFCC Bank, the largest entity within the group recorded an increase in Profit before tax and Profit after tax of 11% and 1% respectively compared to the previous corresponding period after adjusting for the exceptional gain from sale of Commercial Bank equity shares reported in the previous period, despite substantially higher impairment and taxation provisions. However, the reported Profit before tax of LKR 3,792 million and a Profit after Tax of LKR 2,530 million reflects a decline of 13% and 26% respectively compared to the corresponding period in 2017 after the exceptional gain is accounted for.

The Group recorded a profit before tax of LKR 4,036 million and profit after tax of LKR 2,693 million for the nine months ended 30 September 2018 as compared to LKR 4,377 million and LKR 3,391 million respectively, in the comparative period in 2017.

Operating Income

The Bank recorded a healthy growth of 22% in Net Interest Income to LKR 10,020 million from LKR 8,228 million mainly as a result of the net portfolio growth of LKR 40,725 million in loans and receivables year-on-year and the prudent management of asset and liability re-pricing. The overall net interest margin (NIM) improved from 3.6% in 2017 to 3.8% by end of 3rd quarter of year 2018, based on the total assets of the Bank.

Further, a growth of 28% was recorded in fees and commission income to LKR 1,422 million from LKR 1,110 million in September 2017.

Total Operating Income increased to LKR 11,609 million compared to LKR 10,638 million in the comparative period.

Operating Expenses

DFCC Bank continued to penetrate the market by extending its branch network, conducting extensive business promotions including a new savings campaign, and by investing in innovative products and IT system modernisations that have contributed towards expanding delivery channels and improving service deliverables. The Bank has added seven-fledged branches to its branch network during the nine months' period. This largely contributed to the increase in Operating Expenses to LKR 4,870 million from LKR 4,190 million (16%) in the comparable period.

Impairment

The impairment provision during the period increased to LKR 1,898 million compared to LKR 1,017 million in the comparable period. However, recovery processes are being rigorously pursued to minimize any actual losses that may arise from such exposures.

The Bank's NPL ratio moved up slightly to 3.26% as at 30 September 2018 from 3.14% recorded in June 2018 as a result of adverse environmental conditions that prevailed during this time. The ratio has however been managed at lower level than the industry average. (3.6% as at September 2018).

Other Comprehensive Income

Listed shares, Unit trust investments, Investments in treasury bills and bonds are classified as available for sale financial assets and carried at fair value. Due to the declining trend in the equity market, a fair value loss of LKR 3,381 million on account of the available for sale equity securities was recorded in Other Comprehensive Income. Furthermore, the Fixed Income securities recorded a fair value loss of LKR 692 million. The regulatory change in implementation of tax with effect from 1st April 2018 for Treasury Bills and Bonds adversely affected the market prices of Treasury Bills and Bonds.

Statement of Financial Position

Assets

Reflecting its financial stability, DFCC Bank's Total Assets grew by LKR 56,287 million year-on-year to LKR 378,967 million which is a 17.4% growth compared to September 2017, while the Bank's Loans portfolio grew by LKR 40,725 million to LKR 243,401 million compared to LKR 202,676 million as at 30 September 2017, which is a growth of 20% year-on-year.

Liabilities

The Bank's deposit base reported a substantial increase to LKR 230,818 up 23.3% from LKR 187,171 million in September 2017, reflecting the customers' trust and confidence in the Bank. The growth in customer deposits during the period 2018 was LKR 37,511 million (19%). The Bank's CASA ratio, which represents low cost deposits over the total deposits of the Bank was 20.1% as at 30 September 2018. DFCC bank continues to enjoy medium to long term low cost borrowing lines that helped to reduce the funding cost. When these term borrowings are added to deposits, the ratio improved to 27.7% as at 30 September 2018.

Capital Management and Investor returns

DFCC Bank consistently maintains capital ratio above the Basel III minimum capital requirements. As at 30 September 2018, the Group's Tier 1 capital adequacy ratio stood at 10.722% while the total capital adequacy ratio stood at 16.067%. DFCC Bank recorded tier 1 and total capital adequacy ratios of 10.360% and 15.732% respectively as at 30 September 2018. These ratios are well above the minimum regulatory requirements of 7.875% and 11.875%.

Return on equity (ROE) at the bank level was 6.8% for Q3 2018, which is an increase from 6.2% recorded in Q2 2018.

Other Achievements

During the Quarter, DFCC Bank was recognised as one of the Top 10 Most Admired Companies in Sri Lanka in 2018 by the Chartered Institute of Management Accountants (CIMA) and the International Chamber of Commerce Sri Lanka (ICCSL), which is a testament to the Bank's superior customer service, financial stability ethical practices and contribution towards the economy over 63 years,

Lakshman Silva
Director/Chief Executive Officer

1 November 2018

DFCC Bank PLC
Income Statement

Notes	Bank						Group					
	For the nine months ended			For the quarter ended			For the nine months ended			For the quarter ended		
	30.09. 2018 LKR 000	30.09. 2017 LKR 000	Change %	30.09. 2018 LKR 000	30.09. 2017 LKR 000	Change %	30.09. 2018 LKR 000	30.09. 2017 LKR 000	Change %	30.09. 2018 LKR 000	30.09. 2017 LKR 000	Change %
Income	30,501,898	26,363,099	16	10,558,355	8,914,986	18	30,714,182	26,387,609	16	10,598,115	8,726,560	21
Interest income	28,911,956	23,952,684	21	10,074,468	8,734,746	15	28,917,080	23,960,134	21	10,074,533	8,735,084	15
Interest expense	18,892,406	15,725,121	20	6,610,752	5,810,020	14	18,860,720	15,689,827	20	6,598,800	5,795,525	14
Net interest income	10,019,550	8,227,563	22	3,463,716	2,924,726	18	10,056,360	8,270,307	22	3,475,733	2,939,559	18
Fee and commission income	1,421,720	1,110,111	28	515,580	411,267	25	1,421,633	1,109,945	28	515,559	411,267	25
Fee and commission expenses	-	-	-	-	-	-	-	-	-	-	-	-
Net fee and commission income	1,421,720	1,110,111	28	515,580	411,267	25	1,421,633	1,109,945	28	515,559	411,267	25
Net gain from trading	121,675	232,934	(48)	(49,917)	82,656	(160)	121,675	232,934	(48)	(49,917)	82,656	(160)
Net gain / (loss) from financial instruments at fair value through profit or loss	2,271,752	(899,852)	352	2,167,918	(836,781)	359	2,271,752	(899,852)	352	2,167,918	(836,781)	359
Net gain from financial investments	968,992	1,937,245	(50)	185,141	142,364	30	870,196	1,677,417	(48)	113,380	(110,686)	202
Other operating (loss) / income - net	(3,194,197)	29,977	(10,755)	(2,334,834)	380,734	(713)	(2,888,152)	307,031	(1,041)	(2,223,359)	445,020	(600)
Total operating income	11,609,492	10,637,978	9	3,947,604	3,104,962	27	11,853,462	10,697,782	11	3,999,314	2,931,035	36
Impairment charge / (reversal) for loans and other losses												
- Individual impairment	1,241,614	626,405	98	435,246	314,043	39	1,241,614	626,405	98	435,246	314,043	39
- Collective impairment	564,887	332,846	70	41,333	183,293	(77)	564,887	332,846	70	41,333	183,293	(77)
- Others	28,523	13,903	105	13,724	3,438	299	28,523	13,903	105	13,724	3,438	299
Investment - impairment losses	62,598	43,832	43	-	29,000	(100)	62,598	33,935	84	-	29,000	(100)
Net operating income	9,711,870	9,620,992	1	3,457,301	2,575,192	34	9,955,840	9,690,693	3	3,509,011	2,401,261	46
Operating expenses												
Personnel expenses	2,582,745	2,265,419	14	861,851	762,818	13	2,697,608	2,399,889	12	903,918	810,455	12
Depreciation and amortisation	337,747	261,171	29	122,730	87,915	40	372,321	296,282	26	128,604	87,915	46
Other expenses	1,949,344	1,663,635	17	707,021	555,626	27	1,949,839	1,667,223	17	722,323	539,034	34
Total operating expenses	4,869,836	4,190,225	16	1,691,602	1,406,359	20	5,019,768	4,363,394	15	1,754,845	1,437,404	22
Operating profit before value added tax and nation building tax on financial services	4,842,034	5,430,767	(11)	1,765,699	1,168,832	51	4,936,072	5,327,298	(7)	1,754,166	963,856	82
Value added tax and nation building tax on financial services	1,050,145	1,089,894	(4)	375,499	273,572	37	1,050,145	1,089,894	(4)	375,502	273,572	37
Operating profit after value added tax and nation building tax on financial services	3,791,889	4,340,873	(13)	1,390,200	895,258	55	3,885,927	4,237,404	(8)	1,378,665	690,285	100
Share of profits of associate and joint venture	-	-	-	-	-	-	149,912	139,164	8	61,325	70,169	(13)
Profit before tax	3,791,889	4,340,873	(13)	1,390,199	895,258	55	4,035,839	4,376,568	(8)	1,439,990	760,454	89
Income tax expense	1,262,076	922,429	37	570,326	292,046	95	1,342,408	985,540	36	607,241	313,492	94
Profit for the period	2,529,813	3,418,444	(26)	819,874	603,213	36	2,693,431	3,391,028	(21)	832,749	446,962	86
Profit attributable to:												
Equity holders of the Bank	2,529,813	3,418,444	(26)	819,874	603,213	36	2,635,756	3,337,384	(21)	810,802	427,401	90
Non-controlling interests	-	-	-	-	-	-	57,675	53,644	8	21,947	19,561	12
Profit for the period	2,529,813	3,418,444	(26)	819,874	603,213	36	2,693,431	3,391,028	(21)	832,749	446,962	86
Basic earnings per ordinary share (LKR)	9.54	12.90	(26)	3.09	2.28	36	9.94	12.59	(21)	3.06	1.61	90

DFCC Bank PLC
Statement of Profit or Loss and Other Comprehensive Income

	BANK						GROUP					
	For the nine months ended			For the quarter ended			For the nine months ended			For the quarter ended		
	30.09. 2018 LKR 000	30.09. 2017 LKR 000	Change %	30.09. 2018 LKR 000	30.09. 2017 LKR 000	Change %	30.09. 2018 LKR 000	30.09. 2017 LKR 000	Change %	30.09. 2018 LKR 000	30.09. 2017 LKR 000	Change %
Profit for the period	2,529,813	3,418,444	(26)	819,874	603,213	36	2,693,431	3,391,028	(21)	832,750	446,962	86
Other comprehensive (expenses) / income for the period, net of tax												
Items that are or may be re classified subsequently to income statements												
Available for sale financial assets:												
Net change in fair value of available-for-sale financial assets	(4,019,196)	567,677	(808)	(1,740,944)	379,259	(559)	(4,019,197)	567,677	(808)	(1,740,945)	379,259	(559)
Net amount transferred to income statement on disposal of available-for-sale financial assets	(53,972)	(1,188,907)	95	(11,175)	-	(100)	(53,972)	(987,323)	95	(11,175)	201,584	(106)
Tax expense relating to available-for-sale financial assets	193,204	(247,710)	178	77,297	(159,666)	148	193,204	(247,710)	178	77,297	(159,666)	148
Cash flow hedges - effective portion of changes in fair value, net of tax	86,792	-	100	86,792	-	100	86,792	-	100	86,792	-	100
Share of other comprehensive income / (expenses) of equity accounted joint venture and associate.	-	-	-	-	-	-	25,467	(12,737)	300	19,431	1,183	1,543
Total other comprehensive (expenses) / income that are or may be reclassified subsequently to income statement	(3,793,172)	(868,940)	(337)	(1,588,029)	219,592	(823)	(3,767,705)	(680,093)	(454)	(1,568,598)	422,630	(471)
Items that will not be reclassified to income statement												
Actuarial gains / (losses) on defined benefit plans	-	-	-	-	-	-	(119)	272	(144)	-	-	-
Tax expense relating to actuarial gains and losses on defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive (expenses) / income not to be reclassified to income statement	-	-	-	-	-	-	(119)	272	(144)	-	(153)	100
Other comprehensive (expenses) / income for the period, net of tax	(3,793,172)	(868,940)	(337)	(1,588,030)	219,592	(823)	(3,767,824)	(679,821)	(454)	(1,568,598)	422,360	(471)
Total comprehensive (expenses) / income for the period	(1,263,359)	2,549,504	(150)	(768,156)	822,806	(193)	(1,074,394)	2,711,207	(140)	(735,848)	869,321	(185)
Total comprehensive (expenses) /income attributable to:												
Equity holders of the Bank	(1,263,359)	2,549,504	(150)	(768,156)	822,806	(193)	(1,132,011)	2,657,432	(143)	(757,793)	849,760	(189)
Non-controlling interests	-	-	-	-	-	-	57,617	53,775	7	21,946	19,561	12
Total comprehensive (expenses) / income for the period	(1,263,359)	2,549,504	(150)	(768,156)	822,806	(193)	(1,074,394)	2,711,207	(140)	(735,848)	869,321	(185)

DFCC Bank PLC
Statement of Financial Position

As at	Notes	BANK			GROUP		
		30.09. 2018	31.12.2017	Change	30.09. 2018	31.12.2017	Change
		LKR 000	(Audited) LKR 000	%	LKR 000	(Audited) LKR 000	%
Assets							
Cash and cash equivalents		4,455,715	4,106,225	9	4,486,156	4,120,230	9
Balances with Central Bank of Sri Lanka		12,418,281	10,557,688	18	12,418,281	10,557,688	18
Placements with banks		10,251,694	6,691,381	53	10,268,139	6,712,131	53
Derivative assets held - for - risk - management		2,194,849	66,440	3,204	2,194,849	66,440	3,204
Other financial assets held-for-trading		-	310,922	(100)	-	310,922	(100)
Loans to and receivables from banks		11,787,771	10,984,266	7	11,787,771	10,984,266	7
Loans to and receivables from other customers	8	243,400,889	213,675,866	14	243,400,889	213,675,866	14
Financial investments - available-for-sale		62,971,573	56,866,054	11	62,971,574	56,866,054	11
Financial investments - held-to-maturity		23,960,571	23,507,632	2	23,960,571	23,507,632	2
Investments in subsidiaries		167,036	167,036	-	-	-	-
Investments in associate		35,270	35,270	-	36,087	67,266	(46)
Investments in joint venture		755,000	755,000	-	1,793,376	1,616,711	11
Due from subsidiaries		11,131	12,083	(8)	-	-	-
Investment property		-	-	-	466,131	318,653	46
Property, plant and equipment		1,459,861	1,273,250	15	1,542,944	1,371,161	13
Intangible assets		589,956	498,084	18	598,300	502,411	19
Goodwill on consolidation		-	-	-	156,226	156,226	-
Government grant receivable	10.1	1,243,363	642,583	93	1,243,363	642,583	93
Deferred tax asset		-	-	-	1,282	3,160	(59)
Other assets		3,264,448	2,957,562	10	3,276,417	2,988,462	10
Total assets		378,967,408	333,107,342	14	380,602,356	334,467,862	14
Liabilities							
Due to banks		7,525,707	9,640,735	(22)	7,525,707	9,640,735	(22)
Derivative liabilities held- for- risk -management		302,960	367,435	(18)	302,960	367,435	(18)
Due to other customers	9	230,818,221	193,307,534	19	230,397,557	192,920,147	19
Other borrowing		45,030,250	41,319,591	9	45,015,250	41,290,874	9
Debt securities issued		26,292,970	24,443,767	8	26,292,970	24,443,767	8
Current tax liability		1,249,021	633,636	97	1,297,448	655,488	98
Deferred tax liability		900,649	1,194,027	(25)	988,942	1,232,478	(20)
Government grant - deferred income	10.2	74,113	654,583	(89)	74,113	654,583	(89)
Other liabilities		4,243,627	4,466,398	(5)	4,541,355	4,657,628	(2)
Subordinated term debt		17,241,972	9,202,870	87	17,241,972	9,202,870	87
Total liabilities		333,679,490	285,230,576	17	333,678,274	285,066,005	17
Equity							
Stated capital		4,715,814	4,715,814	-	4,715,814	4,715,814	-
Statutory reserves		2,224,275	2,224,275	-	2,224,275	2,224,275	-
Retained earnings		15,062,476	13,858,152	9	18,669,827	17,359,513	8
Other reserves		23,285,353	27,078,525	(14)	21,057,677	24,825,383	(15)
Total equity attributable to equity holders of the Bank		45,287,918	47,876,766	(5)	46,667,593	49,124,985	(5)
Non-controlling interests		-	-	-	256,489	276,872	(7)
Total equity		45,287,918	47,876,766	(5)	46,924,082	49,401,857	(5)
Total equity and liabilities		378,967,408	333,107,342	14	380,602,356	334,467,862	14
Contingent liabilities and commitments		142,432,191	135,571,324	-	142,432,191	135,571,324	-
Net assets value per share, LKR		170.83	180.60	(5)	176.04	185.31	(5)

The highest, the lowest and the last traded market price recorded during the quarter ended

	30.09.2018	31.12.2017
- Highest price LKR	107.00	138.20
- Lowest price LKR	89.50	118.30
- Last traded price LKR	90.00	122.80

	BANK		GROUP	
	30.09.2018	31.12.2017	30.09.2018	31.12.2017
Memorandum Information				
Number of Employees	1,854	1,770	1,951	1,869
Number of Branches	108	101		
Extension offices and postal units	30	37		

Statement of Changes in Equity

	Stated Capital LKR 000	Statutory reserves		Other reserves		Retained earnings LKR 000	Total equity LKR 000
		Reserve fund LKR 000	Fair value reserve LKR 000	Hedging reserve LKR 000	General reserves LKR 000		
Bank							
Balance as at 01.01.2017	4,715,814	2,004,275	14,549,487	-	13,779,839	10,800,251	45,849,666
Profit for the period	-	-	-	-	-	3,418,444	3,418,444
Other comprehensive expense net of tax	-	-	(868,940)	-	-	-	(868,940)
Total comprehensive (expense) / income for the period	-	-	(868,940)	-	-	3,418,444	2,549,504
Transactions with equity holders, recognised directly in equity							
Final dividend approved on 20.02.2017	-	-	-	-	-	(1,192,940)	(1,192,940)
Total contributions from and distribution to equity holders	-	-	-	-	-	(1,192,940)	(1,192,940)
Balance as at 30.09.2017	4,715,814	2,004,275	13,680,547	-	13,779,839	13,025,755	47,206,230
Balance as at 01.01.2018							
Balance as at 01.01.2018	4,715,814	2,224,275	13,298,686	-	13,779,839	13,858,152	47,876,766
Profit for the period	-	-	-	-	-	2,529,813	2,529,813
Other comprehensive expenses net of tax	-	-	(3,879,964)	86,792	-	-	(3,793,172)
Total comprehensive (expense) / income for the period	-	-	(3,879,964)	86,792	-	2,529,813	(1,263,359)
Transactions with equity holders, recognised directly in equity							
Final dividend approved on 19.02.2018	-	-	-	-	-	(1,325,489)	(1,325,489)
Total contributions from and distribution to equity holders	-	-	-	-	-	(1,325,489)	(1,325,489)
Balance as at 30.09.2018	4,715,814	2,224,275	9,418,722	86,792	13,779,839	15,062,476	45,287,918

Statement of Changes in Equity

Attributable to the equity holders of the Bank

	Attributable to the equity holders of the Bank									
	Stated Capital	Statutory reserves		Other reserves			Retained earnings	Total	Non- controlling interests	Total
		Reserve fund	Fair value reserve	Exchange equalisation reserve	Hedging reserve	General reserve				
LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	
Group										
Balance as at 01.01.2017	4,715,814	2,004,275	12,085,454	33,428	-	13,779,839	14,231,009	46,849,819	259,900	47,109,719
Profit for the period	-	-	-	-	-	-	3,337,386	3,337,386	53,644	3,391,030
Other comprehensive (expense) / income net of tax	-	-	(664,977)	(15,115)	-	-	140	(679,952)	131	(679,820)
Total comprehensive (expense) / income for the period	-	-	(664,977)	(15,115)	-	-	3,337,525	2,657,434	53,776	2,711,209
Transactions with equity holders, recognised directly in equity										
Final dividend approved on 20.02.2017	-	-	-	-	-	-	(1,192,940)	(1,192,940)	-	(1,192,940)
Dividend distributed to non-controlling interest by subsidiaries	-	-	-	-	-	-	-	-	(54,600)	(54,600)
Total contributions from and distribution to equity holders	-	-	-	-	-	-	(1,192,940)	(1,192,940)	(54,600)	(1,138,340)
Balance as at 30.09.2017	4,715,814	2,004,275	11,420,477	18,313	-	13,779,839	16,375,595	48,314,313	259,076	48,573,389
Balance as at 01.01.2018	4,715,814	2,224,275	11,032,483	13,061	-	13,779,839	17,359,513	49,124,985	276,872	49,401,857
Profit for the period	-	-	-	-	-	-	2,635,756	2,635,756	57,675	2,693,431
Other comprehensive (expense) / income net of tax	-	-	(3,889,868)	35,370	86,792	-	(60)	(3,767,766)	(58)	(3,767,824)
Total comprehensive (expense) / income for the period	-	-	(3,889,868)	35,370	86,792	-	2,635,696	(1,132,011)	57,617	(1,074,393)
Transactions with equity holders, recognised directly in equity										
Change in holding through joint venture	-	-	-	-	-	-	107	107	-	107
Final dividend approved on 19.02.2018	-	-	-	-	-	-	(1,325,489)	(1,325,489)	-	(1,325,489)
Dividend distributed to non-controlling interest by subsidiaries	-	-	-	-	-	-	-	-	(78,000)	(78,000)
Total contributions from and distribution to equity holders	-	-	-	-	-	-	(1,325,382)	(1,325,382)	(78,000)	(1,403,382)
Balance as at 30.09.2018	4,715,814	2,224,275	7,142,615	48,431	86,792	13,779,839	18,669,827	46,667,592	256,489	46,924,082

Statement of Cash Flows

	Bank		Group	
	2018 LKR 000	2017 LKR 000	2018 LKR 000	2017 LKR 000
<i>for the Nine months ended 30 September</i>				
Cash flows from operating activities				
Interest receipts	22,488,516	18,862,343	22,486,746	18,861,129
Interest payments	(17,370,344)	(13,371,777)	(17,331,108)	(13,336,483)
Recoveries on loans previously written off	8,350	31,180	8,350	31,180
Receipts from other operating activities	3,318,864	1,198,805	3,763,312	1,456,158
Cash payments to employees and suppliers	(4,921,467)	(4,265,579)	(5,162,127)	(4,464,013)
Value added tax and nation building on tax on financial services	(921,761)	(1,013,690)	(921,704)	(1,013,690)
Other levies	(123,615)	(144,783)	(123,615)	(144,783)
Operating cash flows before changes in operating assets and liabilities	2,478,543	1,296,499	2,719,854	1,389,498
(Increase)/ decrease in operating assets:				
Deposits held for regulatory or monetary control purposes	(1,860,596)	(2,585,529)	(1,860,596)	(2,585,529)
Funds advanced to customers	(31,185,846)	(16,264,869)	(31,185,846)	(16,264,869)
Others	(429,828)	819,709	(465,405)	848,020
Increase/(decrease) in operating liabilities:				
Deposits from customers	37,014,183	45,168,504	36,963,396	45,054,860
Negotiable certificates of deposit	5,563	(242,057)	5,563	(242,057)
Others	(2,963,349)	711,345	(2,963,709)	718,871
Net cash flows from operating activities before income tax	3,058,670	28,903,602	3,213,257	28,918,794
Income tax paid	(780,616)	(926,272)	(796,261)	(967,122)
Net cash flows from operating activities	2,278,054	27,977,330	2,416,996	27,951,672
Cash flows from investing activities				
Dividends received	495,109	486,395	495,109	486,395
Interest received	5,042,931	4,402,477	5,071,692	4,439,090
Government securities- net	(9,631,182)	(13,786,114)	(9,631,182)	(13,786,114)
Proceeds from sale and redemption of securities	980,741	2,328,163	993,796	2,328,163
Purchase of securities	(340,857)	(1,546,452)	(340,857)	(1,546,452)
Investment in additional shares of subsidiaries (synapsys Ltd)	-	(65,000)	-	-
Purchase of property , equipment ,intangibles and investment property	(744,743)	(343,170)	(911,621)	(396,542)
Proceeds from sale of equipment and investment property	690	3,544	690	3,544
Net cash used in investing activities	(4,197,311)	(8,520,157)	(4,322,373)	(8,471,916)
Cash flows from financing activities				
Issue of debentures	7,000,000	-	7,000,000	-
Redemption of debentures	-	(4,982,705)	-	(4,982,705)
Borrowing , medium and long - term	6,977,886	6,002,317	6,977,886	6,002,317
Other borrowings - net	(4,321,065)	(15,684,618)	(4,321,065)	(15,684,618)
Repayment of borrowing ,medium and long - term	(2,546,629)	(2,438,732)	(2,546,629)	(2,438,732)
Dividends paid	(1,281,132)	(1,159,724)	(1,282,881)	(1,265,789)
Net cash flows from/ (used in) financing activities	5,829,060	(18,263,462)	5,827,311	(18,369,527)
Net increase in cash and cash equivalents	3,909,803	1,193,711	3,921,934	1,110,231
Cash and cash equivalents at the beginning of the period	10,797,606	5,682,051	10,832,361	5,760,245
Cash and cash equivalents at the end of the period	14,707,409	6,875,762	14,754,295	6,870,476
Reconciliation of cash and cash equivalents with items reported in the statement of financial position				
Cash and cash equivalents	4,455,715	3,932,576	4,486,156	3,920,149
Placements with banks	10,251,694	2,943,186	10,268,139	2,950,327
	14,707,409	6,875,762	14,754,295	6,870,476

The Statement of cash flows of the bank includes the results of associate, joint venture and subsidiary companies only to the extent of the cash flows between Bank and respective companies as required by Sri Lanka Accounting Standards

EXPLANATORY NOTES

Note 1. Statement of Compliance

The consolidated financial statements of the Group and the separate financial statements of the Bank have been prepared in accordance with the Sri Lanka Accounting Standards 34 (LKAS 34) on "Interim Financial Statements" issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the requirements of the Companies Act, No. 07 of 2007 and the Banking Act No. 30 of 1988 and amendments thereto.

During the period, there were no material changes in the composition of assets, liabilities and contingent liabilities. All known expenditure items have been provided for.

Note 2. Accounting Policies

SLFRS 9, issued in 2014, replaces the existing guidance in LKAS 39 – Financial Instruments: Recognition and Measurement is effective for annual reporting periods beginning on or after 01 January 2018. The key aspects of SLFRS 9 are ;

- I. Classification – Financial assets*
- II. Impairment – Financial assets , loan commitment and financial guarantee contracts*
- III. Inputs into measurement of Expected Credit Loss (ECL)*

However, as per the “Statement of Alternative Treatment (SoAT) on the Figures in the Interim Financial Statements”, CA Sri Lanka has granted the option to prepare the interim financial statements continuing the application of LKAS 39 Financial Instruments: Recognition and Measurement. The Bank has decided to use this option. Accordingly, the accounting policies and method of computations are consistent with the LKAS 39 Financial Instruments: Recognition and Measurement for the preparation and presentation of these interim financial statements.

Based on the preliminary assessments undertaken to date which is yet to be audited, the total estimated additional loan loss provision on the financial statements for the year ended 31 December 2017 on adoption of SLFRS 9 is expected to be in the range of 30% to 40%.

The Group does not expect significant impact on the consolidated financial statements resulting from the application of SLFRS 9 on the other group entities.

Therefore, the accounting policies and methods of computations are consistent with those policies and methods followed during the previous financial year, except application of hedge accounting principles for a Cross Currency Swap entered by the Bank during the period.

Note 3. Group Financial Statements

The Group Financial Statements comprise the Bank and its subsidiaries DFCC Consulting (Pvt) Limited, Lanka Industrial Estates Limited and Synapsys Limited and group interest in associate company National Asset Management Limited and group interest in joint venture Acuity Partners (Pvt) Ltd. Investments in Subsidiaries, joint venture and associate companies are accounted under cost method in Bank’s financial statements. Investment in associate and joint venture are accounted under equity method in group’s financial statements.

Note 4. 31 March Financial Year Company

This is Lanka Industrial Estates Ltd.

Note 5. Net Gain / (Loss) from Financial Instruments at Fair Value Through Profit or Loss

For the nine months ended 30 September	Bank		Group	
	2018	2017	2018	2017
	LKR 000	LKR 000	LKR 000	LKR 000
Forward exchange fair value changes				
Contracts with commercial banks	1,674,792	(546,312)	1,674,792	(546,312)
Contracts with CBSL	600,780	(353,540)	600,780	(353,540)
Interest rate swap fair value changes	(3,820)	-	(3,820)	-
	2,271,752	(899,852)	2,271,752	(899,852)

Note 6. Net Gain from Financial Investments

For the nine months ended 30 September	Bank		Group	
	2018	2017	2018	2017
	LKR 000	LKR 000	LKR 000	LKR 000
Assets available for sale				
Gain on sale of securities	70,882	1,122,014	70,882	920,429
Dividend income	728,408	673,415	629,612	615,172
Net gain from repurchase transactions	169,702	141,816	169,702	141,816
	968,992	1,937,245	870,196	1,677,417

Note 7. Other Operating (Loss)/Income-net

For the nine months ended 30 September	Bank		Group	
	2018	2017	2018	2017
	LKR 000	LKR 000	LKR 000	LKR 000
Foreign exchange loss	(3,823,610)	(613,300)	(3,822,672)	(613,101)
Amortisation of deferred income on Government grant-CBSL swap	580,470	574,789	580,470	574,789
Others	48,943	68,488	354,051	345,343
	(3,194,197)	29,977	(2,888,152)	307,031

Foreign exchange loss does not include the offsetting effect of exchange rate movements on forward exchange contracts used as hedging instruments to mitigate market risk of open positions arising from US dollar/LKR funding swaps. This effect is included under " Net gain/ (loss) from financial instruments at fair value through profit or loss" in the income statement.

Note 8 Loans to and Receivables from Other Customers

As at	Bank		Group	
	30.09.2018 LKR 000	31.12.2017 LKR 000	30.09.2018 LKR 000	31.12.2017 LKR 000
Gross loans and receivables (Note 8.1)	252,161,287	221,309,571	252,161,287	221,309,571
Less: Allowance for individual impairment (Note 8.2.1)	(5,981,695)	(5,388,754)	(5,981,695)	(5,388,754)
Allowance for collective impairment (Note 8.2.2)	(2,778,703)	(2,244,951)	(2,778,703)	(2,244,951)
Net loans and receivables	243,400,889	213,675,866	243,400,889	213,675,866

Note 8.1 Loans to and Receivables from Other Customers - By product

As at	Bank		Group	
	30.09.2018 LKR 000	31.12.2017 LKR 000	30.09.2018 LKR 000	31.12.2017 LKR 000
By product-Domestic Currency				
Overdrafts	41,082,331	39,950,160	41,082,331	39,950,160
Trade finance	27,701,120	20,785,139	27,701,120	20,785,139
Credit cards	368,244	278,433	368,244	278,433
Pawning	3,072,695	2,597,441	3,072,695	2,597,441
Staff loans	1,815,677	1,544,400	1,815,677	1,544,400
Term loans	127,959,179	116,602,843	127,959,179	116,602,843
Lease rentals receivable	17,812,447	16,493,374	17,812,447	16,493,374
Commercial papers and asset back notes	1,403,744	1,140,486	1,403,744	1,140,486
Preference shares	112,500	187,500	112,500	187,500
	221,327,937	199,579,776	221,327,937	199,579,776
By product-Foreign Currency				
Overdrafts	307,861	254,385	307,861	254,385
Trade finance	11,608,141	8,993,313	11,608,141	8,993,313
Term loans	18,917,348	12,482,097	18,917,348	12,482,097
	30,833,350	21,729,795	30,833,350	21,729,795
Gross loans and receivables	252,161,287	221,309,571	252,161,287	221,309,571

Note 8.2 Movement in Individual and Collective Impairment during the period for Loans to and Receivable to Other Customers

As at	Bank		Group	
	30.09.2018 LKR 000	31.12.2017 LKR 000	30.09.2018 LKR 000	31.12.2017 LKR 000
8.2.1 Allowance for Individual Impairment				
Balance at beginning	5,388,754	4,778,752	5,388,754	4,778,752
Charge to income statement	1,241,613	724,402	1,241,613	724,402
Write-off loans and receivables	(734,916)	(136,182)	(734,916)	(136,182)
Effect of foreign currency movement	86,244	21,782	86,244	21,782
Balance at end	5,981,695	5,388,754	5,981,695	5,388,754
8.2.2 Allowance for Collective Impairment				
Balance at beginning	2,244,951	1,890,798	2,244,951	1,890,798
Charge to income statement	564,887	405,973	564,887	405,973
Write-off loans and receivables	(28,165)	(47,531)	(28,165)	(47,531)
Effect of foreign currency movement	(1,755)	382	(1,755)	382
Transfers to dues on terminated leases	(1,215)	(4,671)	(1,215)	(4,671)
Balance at end	2,778,703	2,244,951	2,778,703	2,244,951
Total Individual and Collective impairment	8,760,398	7,633,705	8,760,398	7,633,705

Note 9. Due to Other Customers

As at	Bank		Group	
	30.09.2018 LKR 000	31.12.2017 LKR 000	30.09.2018 LKR 000	31.12.2017 LKR 000
By product-Domestic Currency				
Demand deposits (current accounts)	3,508,743	3,954,166	3,508,738	3,953,567
Savings deposits	21,825,859	20,839,127	21,808,715	20,836,179
Fixed deposits	149,573,530	125,871,514	149,181,676	125,494,970
Other deposits	1,314,777	409,678	1,313,277	409,678
Certificate of deposits	475,847	477,711	475,847	477,711
	176,698,756	151,552,196	176,288,252	151,172,105
By product- Foreign Currency				
Demand deposits (current accounts)	269,433	514,704	269,433	514,625
Savings deposits	19,450,795	15,821,186	19,448,738	15,821,186
Fixed deposits	34,327,944	25,412,783	34,319,841	25,405,566
Other deposits	71,293	6,665	71,293	6,665
	54,119,465	41,755,338	54,109,305	41,748,042
Total	230,818,221	193,307,534	230,397,557	192,920,147

Note 10. Government Grant

DFCC Bank in October 2013 raised USD 100 million by Issue of Notes abroad repayable in October 2018. The proceeds of this note issue had been deployed predominantly in LKR denominated monetary assets. In order to hedge the resulting net open foreign currency liability position, DFCC Bank has entered in to an annually renewable currency SWAP arrangement with Central Bank of Sri Lanka (CBSL) in November 2013 for 75% of the US Dollar (USD) denominated liability. Accordingly this contract was renewed in November 2017.

As at	Bank		Group	
	30.09.2018 LKR 000	31.12.2017 LKR 000	30.09.2018 LKR 000	31.12.2017 LKR 000
10.1 Government Grant- Receivable				
Fair value at beginning	642,583	861,915	642,583	861,915
Change in fair value on renewal of contract	-	(133,055)	-	(133,055)
Change in fair value during the period	600,780	(86,277)	600,780	(86,277)
Fair value at end	1,243,363	642,583	1,243,363	642,583
10.2 Government Grant - Deferred Income				
Fair value at beginning	654,583	701,665	654,583	701,665
Change in fair value on renewal of contract	-	(133,055)	-	(133,055)
Change in fair value during the period	600,780	(86,277)	600,780	(86,277)
Foreign exchange (loss)/gain on revaluation	(1,181,250)	172,250	(1,181,250)	172,250
Amortisation of deferred income on Government grant- CBSL swap	(580,470)	85,973	(580,470)	85,973
Fair value at end	74,113	654,583	74,113	654,583

Note 11. Events after the reporting period

No circumstances have arisen which would require disclosure or adjustment to the Financial Statements.

Note 12. Disclosures under Appendix 7B of the Listing Rules

12.1 There is no management fees or similar expenditure provided for in the interim financial statements

12.2 Stated capital

	Number of shares
Number of shares of the Bank on 30th September 2018 (No change from 31 December 2017).	<u><u>265,097,688</u></u>

12.3 Twenty Major Shareholders as at 30.09.2018

	Name of Shareholder/Company	Shareholding	%
1	Bank of Ceylon No.2 A/c.	38,039,994	14.35
2	Hatton National Bank PLC A/c No.1	32,396,140	12.22
3	Sri Lanka Insurance Corporation Ltd-Life Fund	26,509,832	10.00
4	Mr.M.A. Yaseen	26,506,750	10.00
5	Employees' Provident Fund	24,368,995	9.19
6	Melstacorp Limited	22,175,280	8.36
7	Seafeld International Limited	15,286,794	5.77
8	HSBC Intl Nom. Ltd-BPSS Lux-Aberdeen Global Asia Pacific Equity Fund	9,842,898	3.71
9	Renuka City Hotels PLC	6,926,870	2.61
10	HSBC Intl. Nom Ltd-BP2S LDN-Aberdeen Asia Pacific Equity Fund	5,438,669	2.05
11	HSBC Intl Nom Ltd-BP2S London-Edinburgh Dragon Trust PLC	4,528,328	1.71
12	Renuka Hotels Limited	4,073,360	1.54
13	Employees Trust Fund Board	3,987,952	1.50
14	HSBC Intl.Nominees Ltd-BP2S London-Aberdeen Asia Smaller Companies Investment Trust	3,866,936	1.46
15	Akbar Brothers Pvt Ltd A/C No.01	2,578,688	0.97
16	Cargo Boat Development Company PLC	2,498,200	0.94
17	Anverally International (pvt) Limited	1,564,677	0.59
18	Crescent Launderers and Dry Cleaners PVT Limited	1,482,548	0.56
19	HSBC Intl Nominees Ltd-BP2S-London - Aberdeen New Dawn Investment Trust XCC6	1,450,311	0.55
20	Renuka Consultants & Services Ltd	1,097,992	0.41

12.4 Public Holding as at 30.09.2018

Public holding percentage	63.40%
Number of Public shareholders	8,826
Float adjusted market capitalisation	LKR 15,127 million
Applicable option as per CSE Listing Rule 7.13.1 (a)	Option 1

12.5 Directors' Interests in Shares

	No of Shares As at 30.09.2018
C R Jansz	1,000
P M B Fernando	1,000
T Dharmarajah	500
K.P Cooray	Nil
S.R Thambiyah (Ms.)	Nil
V J Senaratne (Ms.)	1,296
L H A L Silva	3,476
L.K.A.H. Fernando (Ms.)	Nil
N.K.G.K. Nemmawatta	Nil
J. Durairatnam	Nil

Certification

We, the undersigned, being the Chairman, the Chief Executive Officer and the Chief Financial Officer of DFCC Bank PLC certify 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.

Royle Jansz
Chairman

Lakshman Silva
Director & Chief Executive Officer

Chinthika Amarasekera
Chief Financial Officer

31-Oct-18

Listed Debentures

Debenture Category	Interest rate Frequency	Applicable Interest Rate %	Interest rate of Comparative Government Securities (Gross) p.a. %	Balance as at 30.09.2018 LKR 000	Market price LKR			Yield Last Traded %
					Highest	Lowest	Last Traded	
Fixed Rate								
2015/2020	Annually	9.10	10.40	3,072,523	100.00	100.00	100.00	9.04
2015/2020	Annually	9.40	10.40	2,056,772	100.00	100.00	100.00	9.34
2016/2019	Annually	10.63	9.80	5,608,921	99.53	99.53	99.53	11.00
2016/2021	Annually	12.15	10.85	1,057,746	N/T	N/T	N/T	N/A
2016/2023	Annually	12.75	11.00	6,709,957	N/T	N/T	N/T	N/A
2018/2023	Annually	12.60	11.00	3,084,119	100.05	100.05	100.05	12.58
2018/2025	Annually	13.00	11.15	4,333,378	N/T	N/T	N/T	N/A

N/T -Not traded

Other Ratios (Bank)	30.09.2018	31.12.2017
Debt to equity ratio (times)	2.12	1.77
Interest cover (times)	0.97	0.99

SELECTED PERFORMANCE INDICATORS

	Bank		Group	
	30.09.2018	31.12.2017	30.09.2018	31.12.2017
Regulatory Capital (LKR '000)				
Common Equity Tier I	30,294,999	33,017,170	31,518,744	34,211,431
Tier 1 Capital	30,294,999	33,017,170	31,518,744	34,211,431
Total Capital	46,004,607	41,993,352	47,228,352	43,187,613

Regulatory Capital Ratios %

Common Equity Tier 1 Capital Ratio				
(Minimum Requirement -6.375%)	10.360%	N/A	10.722%	N/A
(Minimum Requirement -5.75%)	N/A	12.681%	N/A	13.093%
Tier 1 Capital Ratio				
(Minimum Requirement - 7.875%)	10.360%	N/A	10.722%	N/A
(Minimum Requirement - 7.25%)	N/A	12.681%	N/A	13.093%
Total Capital Ratio				
(Minimum Requirement - 11.875%)	15.732%	N/A	16.067%	N/A
(Minimum Requirement - 11.25%)	N/A	16.128%	N/A	16.529%

	Bank	
	30.09.2018	31.12.2017
Asset Quality		
Non-performing loans and advances - Gross exposure % (Net of interest in suspense)	3.26	2.77
Non-performing loans and advances - Net exposure % (Net of interest in suspense and provisions)	1.22	0.77
Profitability		
Interest margin %	3.8	3.6
Return on assets (profit before tax) %	1.4	1.9
Return on equity %	6.8	9.4

	Bank	
	30.09.2018	31.12.2017
Regulatory Liquidity		
Statutory liquid assets LKR 000		
Domestic Banking Unit	75,383,019	62,095,324
Off-Shore Banking Unit	8,380,962	9,576,960
Statutory liquid assets ratio % (Minimum requirement 20%)		
Domestic Banking Unit	25.25	24.34
Off-Shore Banking Unit	48.73	67.70
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement - 2018 - 90%, 2017 -80%)	185.23%	127.84%
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement - 2018 - 90%, 2017 -80%)	132.61%	108.51%

	Fair value through profit or loss - mandatory	Fair value-held-for-trading	Fair value through other comprehensive income	Amortised cost	Held-to-maturity	Total
	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000
<i>As at 30 September 2018</i>						
Analysis of Financial Instruments by Measurement Basis						
Bank						
Financial Assets						
Cash and cash equivalents	-	-	-	4,455,715	-	4,455,715
Balances with Central Bank of Sri Lanka	-	-	-	12,418,281	-	12,418,281
Placements with banks	-	-	-	10,251,694	-	10,251,694
Derivative assets held-for-risk management	1,673,804	-	521,045	-	-	2,194,849
Other financial assets held for trading	-	-	-	-	-	-
Loans to and receivables from banks	-	-	-	11,787,771	-	11,787,771
Loans to and receivables from other customers	-	-	-	243,400,889	-	243,400,889
Due from subsidiaries	-	-	-	11,131	-	11,131
Financial investments	-	-	62,971,573	-	23,960,571	86,932,144
Government grant receivable	1,243,363	-	-	-	-	1,243,363
Other assets	-	-	-	2,280,382	-	2,280,382
	2,917,167	-	63,492,618	284,605,862	23,960,571	374,976,219
Financial Liabilities						
Due to banks	-	-	-	7,525,707	-	7,525,707
Derivative liabilities held-for-risk management	302,960	-	-	-	-	302,960
Due to other customers	-	-	-	230,818,221	-	230,818,221
Other borrowing	-	-	-	45,030,250	-	45,030,250
Debt securities issued	-	-	-	26,292,970	-	26,292,970
Subordinated term debt	-	-	-	17,241,972	-	17,241,972
Other liabilities	-	-	-	3,946,600	-	3,946,600
	302,960	-	-	330,855,719	-	331,158,680
<i>As at 31 December 2017</i>						
Bank						
Financial Assets						
Cash and cash equivalents	-	-	-	4,106,225	-	4,106,225
Balances with Central Bank of Sri Lanka	-	-	-	10,557,688	-	10,557,688
Placements with banks	-	-	-	6,691,381	-	6,691,381
Derivative assets held-for-risk management	66,440	-	-	-	-	66,440
Other financial assets held for trading	-	310,922	-	-	-	310,922
Loans to and receivables from banks	-	-	-	10,984,266	-	10,984,266
Loans to and receivables from other customers	-	-	-	213,675,866	-	213,675,866
Financial investments	-	-	56,866,054	-	23,507,632	80,373,686
Due from subsidiaries	-	-	-	12,083	-	12,083
Government grant receivable	642,583	-	-	-	-	642,583
Other assets	-	-	-	2,775,741	-	2,775,741
	709,023	310,922	56,866,054	248,803,250	23,507,632	330,196,881
Financial Liabilities						
Due to banks	-	-	-	9,640,735	-	9,640,735
Derivative liabilities held-for-risk management	367,435	-	-	-	-	367,435
Due to other customers	-	-	-	193,307,534	-	193,307,534
Other borrowing	-	-	-	41,319,591	-	41,319,591
Debt securities issued	-	-	-	24,443,767	-	24,443,767
Subordinated term debt	-	-	-	9,202,870	-	9,202,870
Other liabilities	-	-	-	4,078,654	-	4,078,654
	367,435	-	-	281,993,151	-	282,360,586

	Fair value through profit or loss - mandatory	Fair value-held-for-trading	Fair value through other comprehensive income	Amortised cost	Held-to-maturity	Total
As at 30 September 2018						
Group						
Financial Assets						
Cash and cash equivalents	-	-	-	4,486,156	-	4,486,156
Balances with Central Bank of Sri Lanka	-	-	-	12,418,281	-	12,418,281
Placements with banks	-	-	-	10,268,139	-	10,268,139
Derivative assets held-for-risk management	1,673,804	-	521,045	-	-	2,194,849
Other financial assets held for trading	-	-	-	-	-	-
Loans to and receivables from banks	-	-	-	11,787,771	-	11,787,771
Loans to and receivables from other customers	-	-	-	243,400,889	-	243,400,889
Financial investments	-	-	62,971,574	-	23,960,571	86,932,145
Government grant receivable	1,243,363	-	-	-	-	1,243,363
Other assets	-	-	-	2,292,351	-	2,292,351
	2,917,167	-	63,492,619	284,653,587	23,960,571	375,023,944

Financial Liabilities						
Due to banks	-	-	-	7,525,707	-	7,525,707
Derivative liabilities held-for-risk management	302,960	-	-	-	-	302,960
Due to other customers	-	-	-	230,397,557	-	230,397,557
Other borrowing	-	-	-	45,015,250	-	45,015,250
Debt securities issued	-	-	-	26,292,970	-	26,292,970
Subordinated term debt	-	-	-	17,241,972	-	17,241,972
Other liabilities	-	-	-	4,306,782	-	4,306,782
	302,960	-	-	330,780,238	-	331,083,198

	Fair value through profit or loss - mandatory	Fair value-held-for-trading	Fair value through other comprehensive income	Amortised cost	Held-to-maturity	Total
As at 31 December 2017						
Group						
Financial Assets						
Cash and cash equivalents	-	-	-	4,120,230	-	4,120,230
Balances with Central Bank of Sri Lanka	-	-	-	10,557,688	-	10,557,688
Placements with banks	-	-	-	6,712,131	-	6,712,131
Derivative assets held-for-risk management	66,440	-	-	-	-	66,440
Other financial assets held-for-trading	-	310,922	-	-	-	310,922
Loans to and receivables from banks	-	-	-	10,984,266	-	10,984,266
Loans to and receivables from other customers	-	-	-	213,675,866	-	213,675,866
Financial investments	-	-	56,866,054	-	23,507,632	80,373,686
Government grant receivable	642,583	-	-	-	-	642,583
Other assets	-	-	-	2,775,741	-	2,775,741
	709,023	310,922	56,866,054	248,825,922	23,507,632	330,219,553

Financial Liabilities						
Due to banks	-	-	-	9,640,735	-	9,640,735
Derivative liabilities held-for-risk management	367,435	-	-	-	-	367,435
Due to other customers	-	-	-	192,920,147	-	192,920,147
Other borrowing	-	-	-	41,290,874	-	41,290,874
Debt securities issued	-	-	-	24,443,767	-	24,443,767
Subordinated term debt	-	-	-	9,202,870	-	9,202,870
Other liabilities	-	-	-	4,078,654	-	4,078,654
	367,435	-	-	281,577,047	-	281,944,482

Business Segment Information

	Banking		Financial Leasing		Investing in Equity		Other		Unallocated		Eliminations		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
For the nine months ended 30th September	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000
Group Revenue														
Interest income	27,120,184	22,423,450	1,791,772	1,529,234	-	-	36,811	42,744	-	-	(31,687)	(35,294)	28,917,080	23,960,134
Net fees and commission income	1,421,720	1,110,111	-	-	-	-	-	-	-	-	(87)	(166)	1,421,633	1,109,945
Net gain from trading	121,675	232,934	-	-	-	-	-	-	-	-	-	-	121,675	232,934
Net gain/(loss) from financial instruments at fair value through profit or loss	2,271,752	(899,852)	-	-	-	-	-	-	-	-	-	-	2,271,752	(899,852)
Net gain/(loss) from financial investments	169,703	141,817	-	-	799,290	1,795,428	-	-	-	-	(98,797)	(259,826)	870,196	1,677,417
Other Operating (loss) / income	(3,194,197)	29,977	-	-	-	-	441,511	375,483	-	-	(135,467)	(98,430)	(2,888,152)	307,030
Total Income	27,910,837	23,038,437	1,791,772	1,529,234	799,290	1,795,428	478,323	418,227	-	-	(266,037)	(393,716)	30,714,182	26,387,609
Percentage *	90	87	6	6	3	6	2	2	-	-	(1)	(1)	100	100
Expense														
Segment losses / (reversal of losses)	1,802,579	919,392	32,445	53,762	62,598	43,832	-	-	-	-	-	(9,896)	1,897,622	1,007,091
Depreciation	-	-	-	-	-	-	34,574	35,111	-	-	-	-	34,574	35,111
Other operating and interest expenses	21,491,899	17,986,964	1,298,103	1,156,434	-	-	250,909	251,305	-	-	(167,239)	98,596	22,873,673	19,296,107
Result	4,616,358	4,132,081	461,223	319,038	736,692	1,751,596	192,839	313,811	-	-	(98,798)	(285,224)	5,908,313	6,049,301
Unallocated expenses													972,242	722,003
Value added tax													1,050,145	1,089,894
Share of profits of associates and Joint venture													3,885,927	4,237,404
Profit before tax													149,912	139,164
Income tax on profit on ordinary activities													4,035,839	4,376,568
Profit after tax													1,342,408	985,540
Other Comprehensive Income / (expense) net of tax													2,693,431	3,391,028
Total Comprehensive Income / (expense)													(3,767,824)	(679,821)
Total Comprehensive Income - Non controlling interests													(1,074,394)	2,711,207
Total comprehensive income / (expense) for the Equity Holders of the Bank													57,617	53,775
													(1,132,011)	2,657,432
Assets	308,342,718	263,166,457	17,812,477	16,088,478	16,132,644	19,953,326	1,066,616	858,295	36,045,525	22,837,726	(627,086)	(593,968)	378,772,893	322,310,314
Percentage*	81	82	5	5	5	6	-	-	9	6	-	-	100	100
Investment in associate and Joint venture													1,829,463	1,562,054
													380,602,356	323,872,368
Liabilities	277,508,446	236,849,811	16,031,229	14,479,630	-	-	501,112	242,142	40,097,302	24,154,628	(459,816)	(427,233)	333,678,274	275,298,979

* Net of eliminations

Revenue and expenses attributable to the incorporated business segments of industrial estate management, information technology services and consultancy services are included in the column for others. Property & equipment and depreciation attributable to an incorporated business segment is included in the relevant segment and the balance is unallocated.

Eliminations are the consolidation adjustments for inter company transactions, dividend and dividend payable attributable to minority shareholders.