



## **Interim Financial Results for the six months ended 30 June 2017**

This commentary relates to the interim non audited financial statements for the six months ended 30 June 2017 (the current period) presented in accordance with Sri Lanka Financial Reporting Standards (SLFRS) aligned with the International Financial Reporting Standards (IFRS).

The DFCC Group comprises DFCC Bank PLC (DFCC), and its subsidiaries - Lanka Industrial Estates Limited (LINDEL), DFCC Consulting (Pvt) Limited (DCPL) and Synapsys Limited (SL), a joint venture company - Acuity Partners (Pvt) Limited (APL) and associate company - National Asset Management Limited (NAMAL).

### ***Overview of Financial Performance of the Group***

DFCC Group recorded profit before tax of LKR 3,616 million in the first six months of 2017, a 68% growth over LKR 2,151 million in the comparable period in 2016. The Group recorded a consolidated profit after tax (PAT) of LKR 2,944 million up 71% over the LKR 1,721 million recorded in the comparable period. PAT for the quarter ended 30<sup>th</sup> June 2017 was LKR 1,571 million which reflects a growth of 14.4% over LKR 1,373 million reported in the first quarter of 2017.

### ***Banking Business***

DFCC Bank completed yet another successful first half year by reporting profit before tax of LKR 3,446 million a 74% growth and profit after tax of LKR 2,815 million a 76% growth over the period ended 30 June 2016 despite increased taxes and narrowing margins due to fluctuating interest rates which prevailed during the period.

The Bank's Net interest income recorded a satisfactory growth of 38% from LKR 3,831 million in the comparable period to LKR 5,303 million during the current period while net fee and commission income grew by 16% to LKR 699 million from LKR 600 million. Net interest margin improved to 3.6% in June 2017 from 3.3% in December 2016. Net gain from financial investment has increased by 164% during the six months period ended 30<sup>th</sup> June 2017. This includes a gain of LKR 1,073 Million (before taxes) from the sale of voting shares of Commercial Bank of Ceylon PLC. Trading gains however reduced by LKR 39.6 million during the same period. Overall improvement in the income growth contributed to a 44% growth in operating income year on year. The growth in operating income adjusted for the exceptional gain arising from the sale of Commercial Bank of Ceylon PLC shares was 24%.

The Bank's impairment charge has declined by LKR 157 million (24%) over the previous year mainly due to the provisions made for few accounts during the period ended 30 June 2016. The Bank's non performing advances (NPA) ratio as at 30<sup>th</sup> June 2017 was 3.02% compared with 2.97% in December 2016 but is an improvement when compared with March 2017 NPA ratio of 3.34%. Improved recovery process and prudent loan appraisals helped to contain the accumulation of non performing advances.

The improvement in impairment charge boosted the growth in operating income of 44% to record 54% growth in net operating income.

The Bank's operating expenses increased by 28% from LKR 2,178 million to LKR 2,783 million in the comparable period on June 2016 due to branch expansion, business promotions and IT related expenses that had contributed to expand delivery channels and to improve service deliverables. Over the first six months, the bank's branch network increased by 9 new branches opened in Kahawatte, Kochchikade, Giriulla, Wennappuwa, Hikkaduwa, Nawalapitiya, Dankotuwa, Ambalanthota and Wattegama. Despite the above increase, the Bank has been able to maintain a cost to income ratio of 47.1% after adjusting for the exceptional gain.(The cost to income ratio before adjusting for the exceptional gain from the sale of voting shares of Commercial Bank of Ceylon PLC was 37.0%).

### ***Other Comprehensive Income-Bank***

Listed shares, Investments in treasury bills and bonds are classified as available for sale and carried at fair value. The fair value changes that represent unrealized gains/losses of such investments are recognized in other comprehensive income (OCI). The fair value losses reduced from LKR 2,943 million recorded in the comparable period to a gain of LKR 188 million in the current period mainly due to positive gains from investment in equity and Government securities year on year.

The net amount transferred from OCI to the income statement during the six months period was LKR 1,189 million. A Major part of this amount was accounted for by the sale of shares of the investment in Commercial Bank of Ceylon PLC which is classified under available for sales (AFS) asset.

### ***Financial Position***

The Bank's Loans portfolio grew by LKR 31,694 million to LKR 198,438 million compared to LKR 166,744 million as at 30 June 2017, reflecting a growth of 19% year on year. The year to date growth in loan portfolio was LKR 12,652 million (7%). The Bank's deposit base increased to LKR 168,357 up 40% from LKR 120,089 million in June 2016. The growth in customer deposits during the first half year 2017 was LKR 27,843 million (20%) which was well above the growth in loan portfolio during the same period. The Bank's CASA ratio, which represents low cost deposits over the total deposits of the Bank, has declined to 15.9% from 20.2% in December 2016. This was mainly due to the increase in fixed deposits by LKR 29,806 million during the period which was used to fund the lending growth of the Bank. The 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 improves to 26.1% as at 30<sup>th</sup> June 2017.

The Bank undertook a new-year promotion for savings products in April 2017 that helped to increase the growth in savings deposits by LKR 1,480 Million during the second quarter 2017. The Bank has launched more savings products in July 2017 to improve the CASA ratio.

Total assets of the Bank grew by 14,814 million (5%) during the first half 2017. The total assets growth compared to June 2016 was LKR 42,829 Million (16%).

The Bank's return on assets (ROA) improved to 1.9% in June 2017 when compared with 1.6% in December 2016. Return on equity (ROE) also increased by 24% to 9.2% as at June 2017 from 7.4% in December 2016.

### ***Prudential Indicators***

The DFCC Group and Bank capital adequacy ratios are reported well above the minimum requirements. As at 30 June 2017, the Group Tier 1 capital adequacy ratio was 13.39% and the total capital adequacy ratio was 15.64% compared with 14.60% and 17.47% reported in December 2016. The Bank's Tier 1 and total capital adequacy ratios were 12.41% and 15.24% respectively as at 30

June 2017 compared with 13.62% and 17.09% respectively as at December 2016. The Decline in ratios was due to a dividend payment of LKR 1,193 million and the increase in the loan portfolio by LKR 12,652 million during the first six months in 2017.

The Bank is also well within the minimum capital requirement for Basel III reporting which will be effective from July 2017.

**Arjun Fernando**  
**Chief Executive Officer**

31 July 2017

DFCC Bank PLC  
Income Statement

Notes	Bank						Group					
	For the six months ended			For the quarter ended			For the six months ended			For the quarter ended		
	30.06. 2017 LKR 000	30.06. 2016 LKR 000	Change %	30.06. 2017 LKR 000	30.06. 2016 LKR 000	Change %	30.06. 2017 LKR 000	30.06. 2016 LKR 000	Change %	30.06. 2017 LKR 000	30.06. 2016 LKR 000	Change %
<b>Income</b>	<b>17,448,116</b>	12,021,681	45	<b>9,268,097</b>	6,094,595	52	<b>17,661,053</b>	12,174,564	45	<b>9,394,809</b>	6,182,770	52
Interest income	15,217,938	10,632,384	43	7,960,017	5,655,471	41	15,225,050	10,638,417	43	7,963,603	5,659,782	41
Interest expense	9,915,100	6,801,266	46	5,238,564	3,612,481	45	9,894,304	6,788,723	46	5,226,907	3,606,728	45
<b>Net interest income</b>	<b>5,302,838</b>	3,831,118	38	<b>2,721,453</b>	2,042,990	33	<b>5,330,746</b>	3,849,694	38	<b>2,736,696</b>	2,053,054	33
Fee and commission income	698,844	599,917	16	355,856	303,447	17	698,678	600,462	16	355,702	295,334	20
Fee and commission expenses	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net fee and commission income</b>	<b>698,844</b>	599,917	16	<b>355,856</b>	303,447	17	<b>698,678</b>	600,462	16	<b>355,702</b>	295,334	20
Net gain / ( loss) from trading	150,279	189,882	(21)	119,308	209,357	(43)	150,279	189,882	(21)	119,308	209,357	(43)
Net loss from financial instruments at fair value through profit or loss	(63,071)	(205,663)	69	(252,110)	(437,372)	42	(63,071)	(205,663)	69	(252,110)	(437,372)	42
Net gain from financial investments	1,794,882	680,957	164	1,163,701	47,826	2,333	1,788,105	671,494	166	1,156,924	47,826	2,319
Other operating (loss) /income- net	(350,756)	124,204	(382)	(78,675)	315,866	(125)	(137,988)	279,972	(149)	51,382	407,843	(87)
<b>Total operating income</b>	<b>7,533,016</b>	5,220,415	44	<b>4,029,533</b>	2,482,114	62	<b>7,766,749</b>	5,385,841	44	<b>4,167,902</b>	2,576,042	62
Impairment for loans and other losses												
- Individual impairment	312,362	634,417	(51)	100,982	157,607	(36)	312,362	634,417	(51)	100,982	157,607	(36)
- Collective impairment	149,553	4,801	3,015	193,821	26,013	645	149,553	4,801	3,015	193,821	26,013	645
- Others	10,465	951	1,000	5,063	1,552	226	10,465	951	1,000	5,063	1,551	226
Investment - impairment losses	14,832	4,268	248	-	4,268	(100)	4,935	-	100	-	-	-
<b>Net operating income</b>	<b>7,045,804</b>	4,575,978	54	<b>3,729,667</b>	2,292,674	63	<b>7,289,434</b>	4,745,672	54	<b>3,868,036</b>	2,390,871	62
Operating expenses												
Personnel expenses	1,502,601	1,117,652	34	877,837	557,132	58	1,589,434	1,216,602	31	919,903	626,759	47
Depreciation and amortisation	173,256	166,177	4	87,887	83,252	6	208,367	182,778	14	113,062	90,874	24
Other expenses	1,108,010	894,092	24	574,561	475,242	21	1,128,191	873,754	29	588,461	460,831	28
Operating profit before value added tax and nation building Tax on financial services	4,261,937	2,398,117	78	2,189,382	1,177,048	86	4,363,442	2,472,538	76	2,246,610	1,212,407	85
Value added tax and nation building tax on financial services	816,322	414,947	97	436,243	222,651	96	816,322	414,947	97	436,243	222,652	96
<b>Operating profit after value added tax and nation building tax on financial services</b>	<b>3,445,615</b>	1,983,170	74	<b>1,753,139</b>	954,397	84	<b>3,547,120</b>	2,057,591	72	<b>1,810,367</b>	989,755	83
Share of profits of associate and joint venture	-	-	-	-	-	-	68,996	92,961	(26)	58,743	76,102	(23)
<b>Profit before tax</b>	<b>3,445,615</b>	1,983,170	74	<b>1,753,139</b>	954,397	84	<b>3,616,116</b>	2,150,552	68	<b>1,869,110</b>	1,065,857	75
Income Tax expense	630,384	383,631	64	276,935	280,592	(1)	672,048	430,031	56	298,301	314,957	(5)
<b>Profit for the period</b>	<b>2,815,231</b>	1,599,539	76	<b>1,476,204</b>	673,805	119	<b>2,944,068</b>	1,720,521	71	<b>1,570,809</b>	750,900	109
<b>Profit attributable to:</b>												
Equity holders of the Bank	2,815,231	1,599,539	76	1,476,204	673,805	119	2,909,985	1,702,052	71	1,549,358	747,009	107
Non-controlling interests	-	-	-	-	-	-	34,083	18,469	-	21,451	3,891	451
<b>Profit for the period</b>	<b>2,815,231</b>	1,599,539	76	<b>1,476,204</b>	673,805	119	<b>2,944,068</b>	1,720,521	71	<b>1,570,809</b>	750,900	109
Basic earnings per ordinary share (LKR)	10.62	6.03	76	5.57	2.54	119	10.98	6.42	71	5.84	2.82	107

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

	BANK						GROUP					
	For the six months ended			For the quarter ended			For the six months ended			For the quarter ended		
	30.06. 2017 LKR 000	30.06. 2016 LKR 000	Change %	30.06. 2017 LKR 000	30.06. 2016 LKR 000	Change %	30.06. 2017 LKR 000	30.06. 2016 LKR 000	Change %	30.06. 2017 LKR 000	30.06. 2016 LKR 000	Change %
<b>Profit for the period</b>	<b>2,815,231</b>	1,599,539	76	<b>1,476,204</b>	673,805	119	<b>2,944,068</b>	1,720,521	71	<b>1,570,809</b>	750,900	109
<b>Other comprehensive income / (expenses) for the period, net of tax</b>												
<b>Items that are or may be re classified subsequently to profit or loss</b>												
Available for sale financial assets:												
Net change in fair value of available-for-sale financial assets	188,418	(2,943,094)	106	1,879,551	(167,800)	1,220	188,418	(2,943,094)	106	1,879,551	(167,800)	1,220
Net amount transferred to income statement on disposal of available-for-sale financial assets	(1,188,907)	-	100	(1,171,435)	-	100	(1,188,907)	-	100	(1,171,435)	-	100
Tax expense relating to available-for-sale financial assets	(88,043)	-	100	(92,814)	-	100	(88,043)	-	100	(92,814)	-	100
Share of other comprehensive expenses of equity accounted joint venture and associates	-	-	-	-	-	-	(13,920)	(41,880)	67	4,542	(29,220)	116
<b>Total other comprehensive (expenses) / income that are or may be re classified subsequently</b>	<b>(1,088,532)</b>	(2,943,094)	63	<b>615,302</b>	(167,800)	467	<b>(1,102,453)</b>	(2,984,974)	63	<b>619,843</b>	(197,020)	415
<b>Items that will not be reclassified to income statement</b>												
Actuarial gains and losses on defined benefit plans	-	-	-	-	-	-	272	-	100	(153)	(515)	70
Tax expense relating to actuarial gains and losses on defined benefit plans	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total other comprehensive (expenses) / income not to be reclassified to income statement</b>	<b>-</b>	-	-	-	-	-	<b>272</b>	-	100	<b>(153)</b>	<b>(515)</b>	<b>70</b>
Other comprehensive (expenses) / income for the period,	(1,088,532)	(2,943,094)	63	615,302	(167,800)	467	(1,102,181)	(2,984,974)	63	619,691	(197,535)	414
<b>Total comprehensive (expenses) / income for the period</b>	<b>1,726,699</b>	(1,343,555)	229	<b>2,091,506</b>	506,005	313	<b>1,841,887</b>	(1,264,453)	246	<b>2,190,499</b>	553,365	296
<b>Total comprehensive (expenses) / income attributable to:</b>												
Equity holders of the Bank	1,726,699	(1,343,555)	229	2,091,506	506,005	313	1,807,674	(1,282,922)	241	2,169,124	549,726	295
Non-Controlling interests	-	-	-	-	-	-	34,213	18,469	85	21,375	3,639	487
<b>Total comprehensive (expenses) / income for the period</b>	<b>1,726,699</b>	(1,343,555)	229	<b>2,091,506</b>	506,005	313	<b>1,841,887</b>	(1,264,453)	246	<b>2,190,499</b>	553,365	296

**DFCC Bank PLC**  
**Statement of Financial Position**

As at	Notes	BANK			GROUP		
		30.06.2017	31.12.2016	Change	30.06.2017	31.12.2016	Change
		LKR 000	(Audited) LKR 000	%	LKR 000	(Audited) LKR 000	%
<b>Assets</b>							
		3,320,291	4,330,934	(23)	3,330,682	4,344,260	(23)
		9,911,085	8,062,567	23	9,911,085	8,062,567	23
		435,085	1,351,117	(68)	445,253	1,415,985	(69)
		96,452	122,977	(22)	96,452	122,977	(22)
		139,500	-	100	139,500	-	100
		14,955,771	12,300,398	22	14,955,771	12,300,398	22
	8	198,437,129	185,784,979	7	198,437,129	185,784,979	7
		47,714,908	49,272,243	(3)	47,714,908	49,272,243	(3)
		23,669,115	23,189,085	2	23,669,115	23,189,085	2
		102,035	111,932	(9)	-	-	-
		35,270	35,270	0	62,900	64,873	(3)
		755,000	755,000	0	1,427,803	1,378,254	4
		32,528	19,855	64	-	-	-
		-	-	-	259,032	231,352	12
		936,786	927,857	1	1,045,767	1,042,619	0
		281,065	203,742	38	286,064	208,382	37
		-	-	-	156,226	156,226	-
	10.1	797,750	861,915	(7)	797,750	861,915	(7)
		-	-	-	589	628	(6)
		55,055	53,803	2	55,055	53,803	2
		3,251,018	2,728,340	19	3,329,238	2,775,017	20
		<b>304,925,843</b>	<b>290,112,014</b>	<b>5</b>	<b>306,120,319</b>	<b>291,265,563</b>	<b>5</b>
<b>Liabilities</b>							
		9,339,073	18,103,587	(48)	9,339,073	18,103,587	(48)
		78,052	105,741	(26)	78,052	105,741	(26)
	9	168,357,071	140,514,373	20	167,889,373	140,219,872	20
		35,663,917	40,802,490	(13)	35,663,917	40,787,444	(13)
		29,298,956	29,179,185	0	29,298,956	29,179,185	0
		898,389	607,333	48	923,765	626,470	47
		871,064	851,662	2	910,235	873,912	4
	10.2	382,500	701,665	(45)	382,500	701,665	(45)
		4,110,800	4,190,675	(2)	4,333,185	4,352,331	0
		9,542,596	9,205,637	4	9,542,596	9,205,637	4
		<b>258,542,418</b>	<b>244,262,348</b>	<b>6</b>	<b>258,361,652</b>	<b>244,155,844</b>	<b>6</b>
<b>Equity</b>							
	12	4,715,814	4,715,814	0	4,715,814	4,715,814	0
		2,004,275	2,004,275	0	2,004,275	2,004,275	0
		12,422,542	10,800,251	15	15,948,195	14,231,009	12
		27,240,794	28,329,326	(4)	24,796,269	25,898,721	(4)
		<b>46,383,425</b>	<b>45,849,666</b>	<b>1</b>	<b>47,464,553</b>	<b>46,849,819</b>	<b>1</b>
		-	-	-	294,114	259,900	13
		<b>46,383,425</b>	<b>45,849,666</b>	<b>1</b>	<b>47,758,667</b>	<b>47,109,719</b>	<b>1</b>
		<b>304,925,843</b>	<b>290,112,014</b>	<b>5</b>	<b>306,120,319</b>	<b>291,265,563</b>	<b>5</b>
<b>Contingent liabilities and commitments</b>							
		<b>107,730,690</b>	<b>101,452,101</b>	<b>6</b>	<b>107,730,690</b>	<b>101,452,101</b>	<b>6</b>
<b>Net asset value per share, LKR</b>							
		<b>174.97</b>	<b>172.95</b>	<b>1</b>	<b>179.05</b>	<b>176.73</b>	<b>1</b>

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

	30.06.2017	31.12.2016
- Highest price Rs.	133.90	132.40
- Lowest price Rs.	112.00	116.10
- Last traded price Rs.	129.00	122.50

DFCC Bank PLC

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	General reserves LKR 000		
<b>Bank</b>						
<b>Balance as at 01.01.2016</b>	4,715,814	1,834,275	14,285,657	13,779,839	8,203,426	42,819,011
<b>Total comprehensive income/(expenses) for the period</b>						
Profit for the period		-	-	-	1,599,539	1,599,539
Other comprehensive expenses net of tax		-	(2,943,094)	-	-	(2,943,094)
<b>Total comprehensive income/(expenses) for the period</b>		-	(2,943,094)	-	1,599,539	(1,343,555)
<b>Transactions with equity holders, recognised directly in equity</b>						
Final Dividend approved on 24.02.2016	-	-	-	-	(662,744)	(662,744)
<b>Total contributions from and distribution to equity holders</b>	-	-	-	-	(662,744)	(662,744)
<b>Balance as at 30.06.2016</b>	4,715,814	1,834,275	11,342,563	13,779,839	9,140,221	40,812,712
<b>Balance as at 01.01.2017</b>	4,715,814	2,004,275	14,549,487	13,779,839	10,800,251	45,849,666
Profit for the period					2,815,231	2,815,231
Other comprehensive expenses net of tax	-	-	(1,088,532)	-	-	(1,088,532)
<b>Total comprehensive (expenses) / income for the period</b>	-	-	(1,088,532)	-	2,815,231	1,726,699
<b>Transactions with equity holders, recognised directly in equity</b>						
Final Dividend approved on 20.02.2017	-	-	-	-	(1,192,940)	(1,192,940)
<b>Total contributions from and distribution to equity holders</b>	-	-	-	-	(1,192,940)	(1,192,940)
<b>Balance as at 30.06.2017</b>	4,715,814	2,004,275	13,460,955	13,779,839	12,422,542	46,383,425

## DFCC Bank PLC

## Statement of Changes in Equity

	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	General reserve				
LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	
<b>Group</b>									
<b>Balance as at 01.01.2016</b>	4,715,814	1,834,275	11,857,655	21,910	13,779,839	11,506,206	43,715,699	252,426	43,968,125
Profit for the period	-	-	-	-	-	1,702,052	1,702,052	18,469	1,720,521
Other comprehensive (expenses) / income net of tax	-	-	(2,986,625)	1,651	-	-	(2,984,974)	-	(2,984,974)
Total comprehensive expenses) / income for the period			(2,986,625)	1,651	-	1,702,052	(1,282,922)	18,469	(1,264,453)
<b>Transactions with equity holders, recognised directly in equity</b>									
Change in holding through joint venture	-	-	-	-	-	(322)	(322)	-	(322)
Preference share dividend paid by subsidiary of joint venture	-	-	-	-	-	(1,256)	(1,256)	-	(1,256)
Final dividend approved on 24.02.2016	-	-	-	-	-	(662,744)	(662,744)	-	(662,744)
<b>Total contributions from and distribution to equity holders</b>	-	-	-	-	-	(664,322)	(664,322)	-	(664,322)
<b>Balance as at 30.06.2016</b>	<b>4,745,814</b>	<b>1,834,275</b>	<b>8,871,030</b>	<b>23,561</b>	<b>13,779,839</b>	<b>12,543,936</b>	<b>41,768,455</b>	<b>270,895</b>	<b>42,039,350</b>
<b>Balance as at 01.01.2017</b>	<b>4,715,814</b>	<b>2,004,275</b>	<b>12,085,454</b>	<b>33,428</b>	<b>13,779,839</b>	<b>14,231,009</b>	<b>46,849,819</b>	<b>259,900</b>	<b>47,109,719</b>
Profit for the period	-	-	-	-	-	2,909,986	2,909,986	34,083	2,944,069
Other comprehensive (expenses) / income net of tax	-	-	(1,093,649)	(8,803)	-	140	(1,102,312)	131	(1,102,180)
<b>Total comprehensive income for the period</b>			<b>(1,093,649)</b>	<b>(8,803)</b>	<b>-</b>	<b>2,910,125</b>	<b>1,807,674</b>	<b>34,214</b>	<b>1,841,888</b>
<b>Transactions with equity holders, recognised directly in equity</b>									
Change in holding through joint venture	-	-	-	-	-	-	-	-	-
Final dividend approved on 20.02.2017	-	-	-	-	-	(1,192,940)	(1,192,940)	-	(1,192,940)
<b>Total contributions from and distribution to equity holders</b>						<b>(1,192,940)</b>	<b>(1,192,940)</b>	<b>-</b>	<b>(1,192,940)</b>
<b>Balance as at 30.06.2017</b>	<b>4,715,814</b>	<b>2,004,275</b>	<b>10,991,805</b>	<b>24,625</b>	<b>13,779,839</b>	<b>15,948,195</b>	<b>47,464,553</b>	<b>294,114</b>	<b>47,758,667</b>

## Statement of Cash Flows

	Bank		Group	
	2017 LKR 000	2016 LKR 000	2017 LKR 000	2016 LKR 000
<b>For the six months ended</b>				
<b>Cash flows from operating activities</b>				
Interest Receipts	11,942,066	8,646,416	11,941,361	8,634,006
Interest payments	(8,977,754)	(6,303,251)	(8,956,956)	(6,290,844)
Recoveries on loans previously written off	28,688	9,301	28,688	9,301
Receipts from other operating activities	574,543	943,728	794,025	1,090,337
Cash payments to employees & suppliers	(3,078,786)	(2,527,384)	(3,202,795)	(2,603,930)
Value added tax and nation building on tax financial services	(764,094)	(343,880)	(764,094)	(388,873)
Other levies	(109,874)	(44,994)	(109,874)	-
Operating Cash flows before changes in operating assets and liabilities	(385,211)	379,936	(269,645)	449,997
<b>(Increase)/decrease in operating assets:</b>				
Borrowings under repurchase agreements				
Deposits held for regulatory or monetary control purposes	(1,848,521)	(1,210,388)	(1,848,521)	(1,210,388)
Funds advanced to customers	(15,352,198)	(14,524,054)	(15,352,198)	(14,524,692)
Others	288,716	66,513	294,586	(208,311)
<b>Increase/(decrease) in operating liabilities:</b>				
Deposits from customers	27,399,317	9,128,006	26,939,723	9,402,836
Negotiable certificates of deposit	(194,414)	(134,822)	(194,414)	(134,822)
Others	40,201	13,796	50,627	13,019
Net cash flows from / ( used in) operating activities before income tax	9,947,891	(6,281,013)	9,620,158	(6,212,361)
Income tax paid	(407,968)	(292,837)	(425,851)	(306,428)
<b>Net cash flows from / ( used in) operating activities</b>	<b>9,539,923</b>	<b>(6,573,850)</b>	<b>9,194,307</b>	<b>(6,518,789)</b>
<b>Cash flows from investing activities</b>				
Dividend received	389,912	626,464	389,912	626,464
Interest received	2,897,401	1,195,711	3,227,898	1,212,067
Government Securities- net	784,429	(1,787,009)	784,429	(1,787,009)
Proceeds from sale and redemption of securities	1,805,164	196,300	1,805,164	196,300
Purchase of securities	(1,541,033)	(591,573)	(1,541,033)	(591,573)
Purchase of property , equipment ,intangibles and investment property	(259,865)	(67,085)	(302,381)	(81,874)
Proceeds from sale of equipment and investment property	3,544	-	3,544	16,981
<b>Net cash flows from / (used in) investing activities</b>	<b>4,079,551</b>	<b>(427,192)</b>	<b>4,367,533</b>	<b>(408,644)</b>
<b>Cash flows from financing activities</b>				
Issue of debentures	-	5,315,450	-	5,315,450
Borrowing , medium and long - term	1,679,719	2,813,853	1,679,719	2,969,237
Other borrowings - net	(14,169,670)	2,293,175	(14,169,670)	2,293,177
Repayment of borrowing ,medium and long - term	(1,897,254)	(2,453,002)	(1,897,254)	(2,453,003)
Dividends paid	(1,158,945)	(659,499)	(1,158,945)	(659,502)
<b>Net Cash flows (used in) / from financing activities</b>	<b>(15,546,150)</b>	<b>7,309,977</b>	<b>(15,546,150)</b>	<b>7,465,359</b>
Net (decrease) / increase in cash and cash equivalents	(1,926,675)	308,935	(1,984,310)	537,926
Cash and cash equivalents at the beginning of period	5,682,051	4,305,247	5,760,245	4,267,083
Cash and cash equivalents at the end of period	3,755,376	4,614,182	3,775,935	4,805,009
Reconciliation of cash and cash equivalents with items reported in the statement of financial position				
Cash and cash equivalents	3,320,291	4,275,123	3,330,682	4,297,666
Placements with banks	435,085	339,059	445,253	507,343
	3,755,376	4,614,182	3,775,935	4,805,009

The Cash Flow Statement 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 Bank (Group) and the separate financial statements of the Bank (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

The accounting policies and methods of computations are consistent with those policies and methods followed during the previous financial year.

### 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 from Financial Instruments at Fair Value Through Profit or Loss

For the six months ended 30th June	Bank		Group	
	2017 LKR 000	2016 LKR 000	2017 LKR 000	2016 LKR 000
Forward exchange fair value changes				
Contracts with commercial banks	1,093	(149,615)	1,093	(149,615)
Contract with CBSL	(64,164)	(56,048)	(64,164)	(56,048)
	<b>(63,071)</b>	<b>(205,663)</b>	<b>(63,071)</b>	<b>(205,663)</b>

### Note 6. Net Gain from Financial Investments

For the six months ended 30th June	Bank		Group	
	2017 LKR 000	2016 LKR 000	2017 LKR 000	2016 LKR 000
Assets available for sale				
Gain on sale of securities *	1,115,345	2,570	1,115,345	2,570
Dividend income	594,045	586,324	587,268	576,861
Net gain from repurchase transactions	85,491	92,063	85,491	92,063
	<b>1,794,882</b>	<b>680,957</b>	<b>1,788,105</b>	<b>671,494</b>

\* Gain on sale of securities include gain of Rs 1,073 Million from sale of 10,024,888 voting shares of Commercial Bank of Ceylon PLC.

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

For the six months ended 30th June	Bank		Group	
	2017 LKR 000	2016 LKR 000	2017 LKR 000	2016 LKR 000
Foreign exchange (loss)/gain	(724,564)	(119,111)	(724,365)	(119,111)
Amortisation of deferred income on Government grant-CBSL swap	319,164	194,798	319,164	194,798
Others	54,643	48,517	267,212	204,285
	<b>(350,756)</b>	<b>124,204</b>	<b>(137,988)</b>	<b>279,972</b>

Foreign exchange gain/(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	
	30.06.2017 LKR 000	31.12.2016 LKR 000	30.06.2017 LKR 000	31.12.2016 LKR 000
Gross loans and receivables (Note 8.1)	205,508,622	192,454,529	205,508,622	192,454,529
Less: Allowance for individual impairment (Note 8.2.1)	(5,048,991)	(4,778,752)	(5,048,991)	(4,778,752)
Allowance for collective impairment (Note 8.2.2)	(2,022,502)	(1,890,798)	(2,022,502)	(1,890,798)
<b>Net loans and receivables</b>	<b>198,437,129</b>	<b>185,784,979</b>	<b>198,437,129</b>	<b>185,784,979</b>

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

As at	Bank		Group	
	30.06.2017 LKR 000	31.12.2016 LKR 000	30.06.2017 LKR 000	31.12.2016 LKR 000
<b>By product-Domestic Currency</b>				
Overdrafts	33,755,261	28,824,199	33,755,261	28,824,199
Trade finance	15,851,650	16,895,812	15,851,650	16,895,812
Credit cards	236,993	242,091	236,993	242,091
Pawning	2,238,270	2,109,667	2,238,270	2,109,667
Staff loans	1,519,983	1,397,579	1,519,983	1,397,579
Term loans	112,583,280	107,903,581	112,583,280	107,903,581
Lease rentals receivable	15,507,476	15,909,152	15,507,476	15,909,152
Commercial papers and asset back notes	879,846	962,763	879,846	962,763
Debenture loans	71,074	71,119	71,074	71,119
Preference shares	430,000	517,500	430,000	517,500
Securities purchased under resale agreements	4,519,865	1,007,220	4,519,865	1,007,220
	<b>187,593,699</b>	<b>175,840,683</b>	<b>187,593,699</b>	<b>175,840,683</b>
<b>By product-Foreign Currency</b>				
Overdrafts	279,476	291,021	279,476	291,021
Trade finance	7,910,455	7,831,178	7,910,455	7,831,178
Term loans	9,724,992	8,491,648	9,724,992	8,491,648
	<b>17,914,923</b>	<b>16,613,847</b>	<b>17,914,923</b>	<b>16,613,847</b>
Gross loans and receivables	<b>205,508,622</b>	<b>192,454,529</b>	<b>205,508,622</b>	<b>192,454,529</b>

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

As at	Bank		Group	
	30.06.2017 LKR 000	31.12.2016 LKR 000	30.06.2017 LKR 000	31.12.2016 LKR 000
<b>8.2.1 Allowance for Individual Impairment</b>				
Balance at beginning	4,778,752	4,240,756	4,778,752	4,240,756
Charge to income statement	312,362	792,389	312,362	792,389
Write-off loans and receivables	(58,491)	(277,296)	(58,491)	(277,296)
Effect of foreign currency movement	16,368	22,903	16,368	22,903
Balance at end	<b>5,048,991</b>	<b>4,778,752</b>	<b>5,048,991</b>	<b>4,778,752</b>
<b>8.2.2 Allowance for Collective Impairment</b>				
Balance at beginning	1,890,798	1,924,882	1,890,798	1,924,882
Charge / (Write back) to income statement	149,553	81,772	149,553	81,772
Write-off loans and receivables	(19,301)	(116,224)	(19,301)	(116,224)
Effect of foreign currency movement	1,774	3,712	1,774	3,712
Transfers to dues on terminated leases	(322)	(3,344)	(322)	(3,344)
Balance at end	<b>2,022,502</b>	<b>1,890,798</b>	<b>2,022,502</b>	<b>1,890,798</b>
Total Individual and Collective impairment	<b>7,071,493</b>	<b>6,669,550</b>	<b>7,071,493</b>	<b>6,669,550</b>

**Note 9. Due to Other Customers - By product**

As at	Bank		Group	
	30.06.2017	31.12.2016	30.06.2017	31.12.2016
	LKR 000	LKR 000	LKR 000	LKR 000
<b>By product-Domestic Currency</b>				
Demand deposits (current accounts)	3,820,346	4,056,706	3,820,346	4,056,051
Savings deposits	19,824,992	20,392,185	19,791,998	20,369,906
Fixed deposits	111,799,391	86,707,366	111,373,597	86,442,739
Other deposits	251,139	272,957	251,139	272,957
Certificate of deposits	538,765	739,483	538,765	739,483
	<b>136,234,633</b>	<b>112,168,697</b>	<b>135,775,845</b>	<b>111,881,136</b>
<b>By product- Foreign Currency</b>				
Demand deposits (current accounts)	275,708	592,663	275,708	592,663
Savings deposits	2,779,736	3,406,307	2,777,923	3,406,307
Fixed deposits	29,053,277	24,345,451	29,046,180	24,338,511
Other deposits	13,717	1,255	13,717	1,255
	<b>32,122,438</b>	<b>28,345,676</b>	<b>32,113,528</b>	<b>28,338,736</b>
<b>Total</b>	<b>168,357,071</b>	<b>140,514,373</b>	<b>167,889,373</b>	<b>140,219,872</b>

**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 are to be 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 2016.

As at	Bank		Group	
	30.06.2017	31.12.2016	30.06.2017	31.12.2016
	LKR 000	LKR 000	LKR 000	LKR 000
<b>10.1 Government Grant- Receivable</b>				
Fair value at beginning	861,915	539,758	861,915	539,758
Change in fair value on renewal of contract	-	405,763	-	405,763
Change in fair value during the period	(64,165)	(83,606)	(64,165)	(83,606)
<b>Fair value at end</b>	<b>797,750</b>	<b>861,915</b>	<b>797,750</b>	<b>861,915</b>
<b>10.2 Government Grant - Deferred Income</b>				
Fair value at beginning	701,665	476,008	701,665	476,008
Change in fair value on renewal of contract	-	405,763	-	405,763
Change in fair value during the period	(64,165)	(83,606)	(64,165)	(83,606)
Foreign exchange (loss)/gain on revaluation	(255,000)	(96,500)	(255,000)	(96,500)
Amortisation of deferred income on Government grant- CBSL swap	(319,164)	(180,106)	(319,164)	(180,106)
<b>Fair value at end</b>	<b>382,500</b>	<b>701,665</b>	<b>382,500</b>	<b>701,665</b>

**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 Liability to management fees or any other similar expenditure not provided for in the interim financial statements by the Bank.****12.2 Stated capital**

	Number of shares
Number of shares of the Bank on 30th June 2017 (No change from 31 December 2016)	<u><u>265,097,688</u></u>

### 12.3 Twenty Major Shareholders as at 30.06.2017

	<b>Name of Shareholder/Company</b>	<b>Shareholding</b>	<b>%</b>
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	Employees' Provident Fund	24,368,995	9.19
5	Mr. M.A. Yaseen	22,296,700	8.41
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	12,216,146	4.61
9	Renuka City Hotels PLC	6,926,870	2.61
10	HSBC Intl. Nom Ltd-BP2S LDN-Aberdeen Asia Pacific Equity Fund	6,750,000	2.55
11	HSBC Intl. Nom Ltd-BP2S London-Edinburg Dragon Trust PLC	5,620,164	2.12
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	3,889,870	1.47
15	Cargo Boat Development Company PLC	2,498,200	0.94
16	HSBC Intl Nominees Ltd-BP2S-London - Aberdeen New Dawn Investment	1,800,000	0.68
17	Anverally International (pvt) Limited	1,553,415	0.59
18	Crescent Launderers and Dry Cleaners PVT Limited	1,482,548	0.56
19	Akbar Brothers Pvt Ltd A/C No.01	1,395,258	0.53
20	Renuka Consultants & Services Ltd	1,097,992	0.41

12.4 Public holding % and number of public share holders as at 30.06.2017 is 63.40% and 8,767 respectively.

### 12.5 Directors' Interests in Shares

	<b>No of Shares</b>
	<b>As at</b>
	<b>30.06.2017</b>
C R Jansz	1,000
A R Fernando	4,470
P M B Fernando	1,000
K D N R Asoka	Nil
T Dharmarajah	500
K.P Cooray	Nil
S.R Thambiayah	Nil
V J Senaratne	1,296
L H A L Silva	3,476
L N De Silva Wijeyeratne	Nil

### Certification

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

- the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka.
- the information contained in these statements have been extracted from the unaudited financial statements of the Bank, unless indicated as audited.

**C R Jansz**  
Chairman

**A R Fernando**  
Director & Chief Executive

**Ashok Goonesekere**  
Chief Financial Officer

26-Jul-17

*Listed Debentures*

Debtenture Category	Interest rate Frequency	Applicable Interest Rate %	Interest rate of Comparative Government Securities (Gross) p.a. %	Balance as at 30.06.2017 LKR 000	Market price			Yield Last Traded %
					Highest	Lowest	Last Traded	
<b>Fixed Rate</b>								
2014/2017	Annually	8.50	10.15	4,105,809	N/T	N/T	N/T	N/A
2014/2017	Semi-annually	8.33	10.15	901,408	N/T	N/T	N/T	N/A
2014/2017	Quarterly	8.24	10.15	301,500	N/T	N/T	N/T	N/A
2015/2020	Annually	9.1	12.22	3,005,345	N/T	N/T	N/T	N/A
2015/2020	Annually	9.4	11.76	5,458,202	N/T	N/T	N/T	N/A
2016/2019	Semi-annually	10.63	12.22	2,003,768	N/T	N/T	N/T	N/A
2016/2021	Annually	12.15	12.38	1,026,670	N/T	N/T	N/T	N/A
2016/2023	Annually	12.75	12.73	6,505,526	100	100	100	12.71

N/T -Not traded

**Other Ratios (Bank)**

**30.06.2017**    31.12.2016

Debt to equity ratio (times)

**1.81**            2.12

Interest cover (times)

**1.07**            1.01

## SELECTED PERFORMANCE INDICATORS

	Bank		Group	
	30.06.2017	31.12.16	30.06.2017	31.12.16
<b>Regulatory Capital Adequacy ( Basel II)</b>				
Core capital (Tier - 1 Capital) LKR 000	28,038,029	29,064,210	30,336,779	31,327,840
Total capital base LKR 000	34,414,557	36,475,370	35,448,820	37,473,467
Core capital ratio (Minimum requirement 5%)	12.41	13.62	13.39	14.60
Total capital ratio (Minimum requirement 10%)	15.24	17.09	15.64	17.47
<b>Asset Quality</b>				
Non-performing loans and advances - Gross exposure % (Net of interest in suspense)	<b>3.02</b>	2.97	<b>3.02</b>	2.97
Non-performing loans and advances - Net exposure % (Net of interest in suspense and provisions)	<b>1.0</b>	0.8	<b>1.2</b>	0.8
<b>Profitability</b>				
Interest margin %	<b>3.6</b>	3.3	<b>3.6</b>	3.3
Return on assets ( Profit before Tax) %	<b>1.9</b>	1.6	<b>2.0</b>	1.7
Return on equity %	<b>9.2</b>	7.4	<b>9.5</b>	7.6
<b>Regulatory Liquidity</b>				
Statutory liquid assets LKR 000				
Domestic Banking Unit	<b>65,681,187</b>	50,695,653		
Off-Shore Banking Unit	<b>10,474,380</b>	8,564,256		
Statutory liquid assets ratio % (Minimum requirement 20%)				
Domestic Banking Unit	<b>29.24</b>	24.56		
Off-Shore Banking Unit	<b>87.94</b>	73.20		
Bank	<b>32.39</b>	27.20		

Business Segment Information

For the six months ended 30th June	Banking		Financial Leasing		Investing in Equity		Other		Unallocated		Eliminations		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	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
<b>Revenue</b>														
Interest income	14,226,080	9,777,413	991,858	854,972	-	-	27,909	18,577	-	-	(20,797)	(12,544)	15,225,050	10,638,417
Net fees and commission income	698,844	599,917	-	-	-	-	-	600	-	-	(166)	(54)	698,678	600,462
Net gain/(loss) from trading	150,279	189,882	-	-	-	-	-	-	-	-	-	-	150,279	189,882
Net gain/(loss) from financial instruments designated at fair value through PL	(63,071)	(205,663)	-	-	-	-	-	-	-	-	-	-	(63,071)	(205,663)
Net gain/(loss) from financial investments	11,930	100,633	-	-	1,782,952	580,324	-	-	-	-	(6,777)	(9,463)	1,788,105	671,494
Other Operating (loss) / income	(350,756)	105,500	-	-	-	-	259,019	246,099	18,704	-	(46,251)	(90,331)	(137,988)	279,972
<b>Total Income</b>	<b>14,673,306</b>	<b>10,567,682</b>	<b>991,858</b>	<b>854,972</b>	<b>1,782,952</b>	<b>580,324</b>	<b>286,928</b>	<b>265,276</b>	<b>-</b>	<b>18,704</b>	<b>(73,991)</b>	<b>(112,392)</b>	<b>17,661,053</b>	<b>12,174,564</b>
<b>Percentage *</b>	<b>83</b>	<b>85</b>	<b>6</b>	<b>7</b>	<b>9</b>	<b>5</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>100</b>
<b>Expense</b>														
Segment losses / Reversal of losses	439,782	643,012	32,598	1,425	14,832	-	-	-	-	-	(9,896)	(4,268)	477,317	640,169
Depreciation	-	-	-	-	-	-	35,111	9,008	-	-	-	-	35,111	9,008
Other operating & interest expenses	11,424,917	7,946,362	761,415	605,120	-	-	153,431	204,065	-	-	(67,215)	(102,929)	12,272,548	8,652,618
	<b>11,864,699</b>	<b>8,589,374</b>	<b>794,013</b>	<b>606,545</b>	<b>14,832</b>	<b>-</b>	<b>188,542</b>	<b>213,073</b>	<b>-</b>	<b>-</b>	<b>(77,111)</b>	<b>(107,197)</b>	<b>12,784,976</b>	<b>9,301,795</b>
<b>Result</b>	<b>2,808,607</b>	<b>1,978,308</b>	<b>197,845</b>	<b>248,427</b>	<b>1,768,120</b>	<b>580,324</b>	<b>98,386</b>	<b>52,203</b>	<b>-</b>	<b>-</b>	<b>3,120</b>	<b>(5,195)</b>	<b>4,876,077</b>	<b>2,872,769</b>
Unallocated expenses													512,635	400,231
Value Added Tax													816,322	414,947
Share of profits of associates & Joint venture													3,547,120	2,057,591
Profit before tax													68,996	92,961
Income tax on profit on ordinary activities													3,616,116	2,150,552
Profit after tax													672,048	430,031
Other Comprehensive Income net of tax													2,944,068	1,720,521
Total Comprehensive Income													(1,102,181)	(2,984,974)
Total Comprehensive Income - Non controlling interests													1,841,887	(1,264,453)
Profit for the Equity Holders of the Bank													34,213	18,469
													1,807,674	(1,282,922)
Assets	249,622,656	220,161,592	15,507,476	15,570,175	19,888,326	15,693,004	915,651	777,409	19,273,341	14,477,680	(577,834)	(353,487)	304,629,616	261,947,535
<b>Percentage*</b>	<b>82</b>	<b>83</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>100</b>
Investment in associate & Joint venture													1,490,703	1,425,964
													306,120,319	256,140,343
Liabilities	224,660,391	188,071,842	13,956,728	13,812,711	-	-	285,062	170,177	19,935,314	12,950,847	(475,843)	(315,377)	258,361,652	214,653,102

\* 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.

	Fair value through profit or loss - mandatory	Fair value-held-for-trading	Fair value through other comprehensive income	Amortised cost	Held-to-maturity	Total
<i>As at 30 June 2017</i>	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000
<b>25. Analysis of Financial Instruments by Measurement Basis</b>						
<b>25.1 Bank</b>						
<b>Financial Assets</b>						
Cash and cash equivalents	-	-	-	3,320,291	-	3,320,291
Balances with Central Bank of Sri Lanka	-	-	-	9,911,085	-	9,911,085
Placements with banks	-	-	-	435,085	-	435,085
Derivative assets held-for-risk management	96,452	-	-	-	-	96,452
Other financial assets held for trading	139,500	-	-	-	-	139,500
Loans to and receivables from banks	-	-	-	14,955,771	-	14,955,771
Loans to and receivables from other customers	-	-	-	198,437,129	-	198,437,129
Financial investments	-	-	47,714,908	-	23,669,115	71,384,023
Due from subsidiaries	-	-	-	32,528	-	32,528
Government grant receivable	797,750	-	-	-	-	797,750
Other assets	-	-	-	3,251,018	-	3,251,018
	1,033,702	-	47,714,908	230,342,907	23,669,115	302,760,632
<b>Financial Liabilities</b>						
Due to banks	-	-	-	9,339,073	-	9,339,073
Derivative liabilities held-for-risk management	78,052	-	-	-	-	78,052
Due to other customers	-	-	-	168,357,071	-	168,357,071
Other borrowing	-	-	-	35,663,917	-	35,663,917
Debt securities issued	-	-	-	29,298,956	-	29,298,956
Subordinated term debt	-	-	-	9,542,596	-	9,542,596
Other liabilities	-	-	-	3,876,227	-	3,876,227
	78,052	-	-	256,077,841	-	256,155,893
<b>As at 31 December 2016</b>						
	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
<b>25.2 Bank</b>						
<b>Financial Assets</b>						
Cash and cash equivalents	-	-	-	4,330,934	-	4,330,934
Balances with Central Bank of Sri Lanka	-	-	-	8,062,567	-	8,062,567
Placements with banks	-	-	-	1,351,117	-	1,351,117
Derivative assets held-for-risk management	122,977	-	-	-	-	122,977
Loans to and receivables from banks	-	-	-	12,300,398	-	12,300,398
Loans to and receivables from other customers	-	-	-	185,784,979	-	185,784,979
Financial investments	-	-	49,272,243	-	23,189,085	72,461,328
Due from subsidiaries	-	-	-	19,855	-	19,855
Government grant receivable	861,915	-	-	-	-	861,915
Other assets	-	-	-	2,562,978	-	2,562,978
	984,892	-	49,272,243	214,412,828	23,189,085	287,859,048
<b>Financial Liabilities</b>						
Due to banks	-	-	-	18,103,587	-	18,103,587
Derivative liabilities held-for-risk management	105,741	-	-	-	-	105,741
Due to other customers	-	-	-	140,514,373	-	140,514,373
Other borrowing	-	-	-	40,802,490	-	40,802,490
Debt securities issued	-	-	-	29,179,185	-	29,179,185
Subordinated term debt	-	-	-	9,205,637	-	9,205,637
Other liabilities	-	-	-	3,850,825	-	3,850,825
	105,741	-	-	241,656,097	-	241,761,838

	Fair value through profit or loss - mandatory	Fair value- held-for- trading	Fair value through other comprehensive income	Amortised cost	Held-to- maturity	Total
<i>As at 30 June 2017</i>						
<b>25.3 Group</b>						
<b>Financial Assets</b>						
Cash and cash equivalents	-	-	-	3,330,682	-	3,330,682
Balances with Central Bank of Sri Lanka	-	-	-	9,911,085	-	9,911,085
Placements with banks	-	-	-	445,253	-	445,253
Derivative assets held-for-risk management	96,452	-	-	-	-	96,452
Other financial assets held for trading	139,500	-	-	-	-	139,500
Loans to and receivables from banks	-	-	-	14,955,771	-	14,955,771
Loans to and receivables from other customers	-	-	-	198,437,129	-	198,437,129
Financial investments	-	-	47,714,908	-	23,669,115	71,384,023
Government grant receivable	797,750	-	-	-	-	797,750
Other assets	-	-	-	3,329,238	-	3,329,238
	<b>1,033,702</b>	<b>-</b>	<b>47,714,908</b>	<b>230,409,158</b>	<b>23,669,115</b>	<b>302,826,883</b>
<b>Financial Liabilities</b>						
Due to banks	-	-	-	9,339,073	-	9,339,073
Derivative liabilities held-for-risk management	78,052	-	-	-	-	78,052
Due to other customers	-	-	-	167,889,373	-	167,889,373
Other borrowing	-	-	-	35,663,917	-	35,663,917
Debt securities issued	-	-	-	29,298,956	-	29,298,956
Subordinated term debt	-	-	-	9,542,596	-	9,542,596
Other liabilities	-	-	-	4,098,612	-	4,098,612
	<b>78,052</b>	<b>-</b>	<b>-</b>	<b>255,832,526</b>	<b>-</b>	<b>255,910,578</b>
	Fair value through profit or loss - mandatory	Fair value- held-for- trading	Fair value through other comprehensive income	Amortised cost	Held-to- maturity	Total
<i>As at 31 December 2016</i>						
<b>25.4 Group</b>						
<b>Financial Assets</b>						
Cash and cash equivalents	-	-	-	4,344,260	-	4,344,260
Balances with Central Bank of Sri Lanka	-	-	-	8,062,567	-	8,062,567
Placements with banks	-	-	-	1,415,985	-	1,415,985
Derivative assets held-for-risk management	122,977	-	-	-	-	122,977
Loans to and receivables from banks	-	-	-	12,300,398	-	12,300,398
Loans to and receivables from other customers	-	-	-	185,784,979	-	185,784,979
Financial investments	-	-	49,272,243	-	23,189,085	72,461,328
Government grant receivable	861,914	-	-	-	-	861,914
Other assets	-	-	-	2,609,655	-	2,609,655
	<b>984,891</b>	<b>-</b>	<b>49,272,243</b>	<b>214,517,844</b>	<b>23,189,085</b>	<b>287,964,063</b>
<b>Financial Liabilities</b>						
Due to banks	-	-	-	18,103,587	-	18,103,587
Derivative liabilities held-for-risk management	105,741	-	-	-	-	105,741
Due to other customers	-	-	-	140,219,872	-	140,219,872
Other borrowing	-	-	-	40,787,444	-	40,787,444
Debt securities issued	-	-	-	29,179,185	-	29,179,185
Subordinated term debt	-	-	-	9,205,637	-	9,205,637
Other liabilities	-	-	-	3,961,249	-	3,961,249
	<b>105,741</b>	<b>-</b>	<b>-</b>	<b>241,456,974</b>	<b>-</b>	<b>241,562,715</b>