

DFCC Bank PLC
Income Statement

	Bank				Group			
	For the year ended		For the quarter ended		For the year ended		For the quarter ended	
	31.03.15 LKR 000	31.03.14 LKR 000	31.03.15 LKR 000	31.03.14 LKR 000	31.03.15 LKR 000	31.03.14 LKR 000	31.03.15 LKR 000	31.03.14 LKR 000
For the period ended								
Interest income	8,010,024	9,529,636	1,925,803	2,231,364	16,098,667	18,479,672	3,803,918	4,540,061
Interest expense	4,675,447	4,894,390	1,176,232	1,205,583	9,407,584	10,560,229	2,130,735	2,631,432
Net interest income	3,334,577	4,635,246	749,571	1,025,781	6,691,083	7,919,443	1,673,183	1,908,629
Fees and commission Income	167,995	115,296	44,873	26,209	1,137,267	849,105	321,821	230,689
Less- Fees and commission expenses	-	-	-	-	17,303	6,442	2,886	1,065
Net fees and commission income	167,995	115,296	44,873	26,209	1,119,964	842,663	318,935	229,624
Net gain/(loss) from trading	146,679	33,565	2,248	32,420	479,988	212,306	12,891	101,187
Net gain/(loss) from financial instruments at fair value through profit or loss	7 656,512	(386,281)	107,183	(426,386)	678,217	(323,943)	349,002	(343,669)
Net gain from financial investments	8 2,150,427	1,211,493	558,000	716,318	2,201,070	1,152,989	625,473	752,577
Other operating (loss) /income (net)	9 (737,552)	(22,759)	(122,056)	396,699	(501,498)	5,718	(287,150)	323,474
Total operating income	5,718,638	5,586,560	1,339,819	1,771,041	10,668,824	9,809,176	2,692,334	2,971,822
Impairment for Loans and other losses								
- Individual impairment	556,493	157,036	255,058	30,808	1,143,903	714,762	285,610	176,596
- Collective impairment	(887,547)	135,395	(45,965)	(51,024)	(957,842)	475,867	(55,226)	67,885
- Others	12,490	31,093	1,153	30,971	60,495	31,093	49,158	(296)
Investment - impairment losses	11,000	-	-	-	-	-	-	-
Net operating Income	6,026,202	5,263,036	1,129,573	1,760,286	10,422,268	8,587,454	2,412,792	2,727,637
Operational expenses								
Personnel expenses	943,041	906,496	401,608	347,723	2,212,600	1,996,416	816,132	698,214
Depreciation and amortisation	140,358	136,986	35,759	35,493	380,206	357,277	100,110	101,988
Other expenses	586,269	575,978	97,207	179,790	1,682,690	1,611,235	346,623	470,009
Operating profit before value added tax and nation building tax on financial services	4,356,534	3,643,576	594,999	1,197,280	6,146,772	4,622,526	1,149,927	1,457,426
Value added tax and nation building tax on financial services	585,244	433,006	179,486	163,142	884,072	602,040	297,645	207,763
Operating profit after value added tax and nation building tax on financial services	3,771,290	3,210,570	415,513	1,034,138	5,262,700	4,020,486	852,284	1,249,663
Share of profits of associate and joint venture	-	-	-	-	153,270	96,966	3,997	12,294
Profit before tax	3,771,290	3,210,570	415,513	1,034,138	5,415,970	4,117,452	856,281	1,261,957
Income tax expense	530,942	623,120	(36,252)	86,761	977,358	902,439	11,497	75,175
Profit for the period	3,240,348	2,587,450	451,765	947,377	4,438,612	3,215,013	844,784	1,186,782
Profit attributable to								
Equity holders of the Bank	3,240,348	2,587,450	451,765	947,377	4,362,256	3,151,400	824,541	1,172,054
Non-controlling interests	-	-	-	-	76,356	63,613	20,243	14,728
Profit for the period	3,240,348	2,587,450	451,765	947,377	4,438,612	3,215,013	844,784	1,186,782
Basic earnings per ordinary share - LKR	12.22	9.76	1.70	3.57	16.46	11.89	3.11	4.42

Statement of Profit or Loss and Other Comprehensive Income

	Bank				Group			
	For the year ended		For the quarter ended		For the year ended		For the quarter ended	
	31.03.15 LKR 000	31.03.14 LKR 000	31.03.15 LKR 000	31.03.14 LKR 000	31.03.15 LKR 000	31.03.14 LKR 000	31.03.15 LKR 000	31.03.14 LKR 000
For the period ended								
Profit for the period	3,240,348	2,587,450	451,765	947,377	4,438,612	3,215,013	844,784	1,186,782
Other comprehensive income, net of tax								
Other comprehensive income to be reclassified to income statement								
Available for sale financial assets								
Net change in fair value of available-for-sale financial assets	5,474,513	1,436,644	(692,825)	209,211	5,531,519	1,509,150	(672,075)	222,465
Net amount transferred to income statement on disposal of available-for-sale financial assets	(404,565)	(160,754)	-	(77,644)	(490,253)	(160,754)	(85,688)	(77,644)
Tax expense relating to available for sale financial assets	(163)	-	(163)	-	(17,892)	-	(17,892)	-
Share of other comprehensive income of associate and joint venture	-	-	-	-	9,086	13,722	4,882	12,012
Total Other comprehensive income to be reclassified to income statement	5,069,785	1,275,890	(692,988)	131,567	5,032,460	1,362,118	(770,773)	156,833
Other comprehensive income not to be reclassified to income statement								
Actuarial gains and losses on defined benefit plans	(171,807)	88,186	(171,807)	88,186	(187,912)	86,723	(187,912)	86,723
Tax expense relating to Actuarial gains and losses on defined benefit plans	4,898	168	4,898	168	10,276	573	10,276	573
Total Other comprehensive income not to be reclassified to income statement	(166,909)	88,354	(166,909)	88,354	(177,636)	87,296	(177,636)	87,296
Other comprehensive income for the period, net of tax	4,902,876	1,364,244	(859,897)	219,921	4,854,824	1,449,414	(948,409)	244,129
Total comprehensive income for the period	8,143,224	3,951,694	(408,132)	1,167,298	9,293,436	4,664,427	(103,625)	1,430,911
Total comprehensive income attributable to:								
Equity holders of the Bank	8,143,224	3,951,694	(408,132)	1,167,298	9,217,506	4,600,203	(123,143)	1,415,904
Non-controlling interests	-	-	-	-	75,930	64,224	19,518	15,007
Total comprehensive income for the period	8,143,224	3,951,694	(408,132)	1,167,298	9,293,436	4,664,427	(103,625)	1,430,911

Statement of Financial Position

As at	Notes	BANK		GROUP		
		31.03.2015 LKR 000	31.03.2014 LKR 000	31.03.2015 LKR 000	31.03.2014 LKR 000 Restated	01.04.2013 LKR 000 Restated
Assets						
Cash and cash equivalents		110,576	545,388	4,060,820	2,933,360	3,680,095
Balances with Central Bank		-	-	2,616,406	2,870,492	2,620,510
Placements with banks		716,622	2,681,779	1,324,892	3,138,181	7,541,088
Derivative assets held for risk management		29,335	1,630	89,861	183,892	119,642
Other financial assets held-for-trading		1,469,166	1,017,980	1,469,166	1,971,916	403,716
Loans to and receivables from banks		484,067	1,233,617	3,563,647	5,547,821	3,847,861
Loans to and receivables from other customers	10	73,448,705	61,341,469	135,322,723	112,167,194	98,629,535
Financial investments - available-for-sale		27,823,496	25,073,487	45,826,878	39,901,586	27,573,595
Financial investments - held-to-maturity		2,085,921	535,958	10,872,287	1,073,703	75,022
Investments in subsidiaries		5,957,564	5,968,564	-	-	-
Investments in associates		35,270	35,270	63,960	54,164	53,467
Investments in joint ventures		655,000	655,000	1,124,025	974,911	847,627
Due from subsidiaries		135,091	43,028	-	-	-
Investment properties		-	-	186,070	183,281	169,485
Property, plant and equipment		351,207	453,015	1,051,932	1,089,188	997,792
Intangible assets		82,380	60,378	280,196	237,434	259,637
Goodwill on consolidation		-	-	156,226	156,226	156,226
Government grant receivable	12.1	483,727	276,878	483,727	276,878	-
Deferred tax asset		-	-	1,562	2285	834
Income tax refund due		-	-	1,178	1,546	1,469
Prepayments		26,342	35,833	26,342	35,833	36,920
Other assets		717,125	982,008	2,088,401	2,195,403	2,265,024
Total assets		114,611,594	100,941,282	210,610,299	174,995,294	149,279,545
Liabilities						
Due to banks		1,928,867	5,153,754	5,972,567	6,673,576	8,036,735
Derivative liabilities held for risk management		1,737	55,609	37,153	227,994	307,094
Due to other customers	11	22,484,652	16,630,363	92,711,793	80,917,356	62,878,401
Other borrowing		24,361,797	25,434,080	38,846,172	27,782,494	35,807,580
Debt securities issued		19,445,924	14,009,017	19,445,924	14,009,017	558,257
Current tax liability		53,211	157,615	191,598	242,848	179,826
Deferred tax liability		486,855	433,071	642,021	553,222	455,438
Government grant deferred income	12.2	303,727	295,628	303,727	295,628	-
Other liabilities		840,156	752,695	2,586,927	2,228,987	2,322,670
Due to subsidiaries		31	-	-	-	-
Subordinated term debt		609,373	609,373	1,609,664	1,609,674	1,609,690
Total liabilities		70,516,330	63,531,205	162,347,546	134,540,796	112,155,691
Equity						
Stated capital	16.2	4,715,814	4,715,814	4,715,814	4,715,814	4,715,814
Statutory reserves		1,545,000	2,381,648	1,545,000	2,381,648	2,006,025
Retained earnings		6,541,651	4,089,601	12,755,357	9,163,494	7,594,136
Other reserves		31,292,799	26,223,014	28,892,700	23,859,814	22,498,324
Total equity attributable to equity holders of the Bank		44,095,264	37,410,077	47,908,871	40,120,770	36,814,299
Non-controlling interests				353,882	333,728	309,555
Total equity		44,095,264	37,410,077	48,262,753	40,454,498	37,123,854
Total equity and liabilities		114,611,594	100,941,282	210,610,299	174,995,294	149,279,545
Contingent liabilities and commitments		40,979,686	30,234,047	75,072,548	57,788,965	39,280,376
Net asset value per share, LKR		166.34	141.12	180.72	151.34	138.87

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

	31.03.2015	31.03.2014
- Highest price Rs.	232.00	154.00
- Lowest price Rs.	200.00	129.00
- Last traded price Rs.	202.80	143.90

Statement of Changes in Equity

For the years ended 31 March

	Stated capital LKR 000	Statutory reserves		Other reserves		Retained earnings LKR 000	Total equity LKR 000
		Reserve fund LKR 000	Investment fund account LKR 000	Fair value reserve LKR 000	General reserves LKR 000		
Bank							
Balance as at 01.04.2013	4,715,814	1,285,000	721,025	11,167,285	13,779,839	3,114,908	34,783,871
Profit for the year		-	-	-	-	2,587,450	2,587,450
Other comprehensive income		-	-	1,275,890	-	88,354	1,364,244
Total comprehensive income for the year		-	-	1,275,890	-	2,675,804	3,951,694
Transfers		95,000	280,623	-	-	(375,623)	-
Transactions with equity holders, recognised directly in equity							
Final dividend approved on 28.06.2013		-	-	-	-	(1,325,488)	(1,325,488)
Total contributions from and distribution to equity holders		-	-	-	-	(1,325,488)	(1,325,488)
Balance as at 31.03.2014	4,715,814	1,380,000	1,001,648	12,443,175	13,779,839	4,089,601	37,410,077
Profit for the year		-	-	-	-	3,240,348	3,240,348
Other comprehensive income		-	-	5,069,785	-	(166,909)	4,902,876
Total comprehensive income for the year		-	-	5,069,785	-	3,073,439	8,143,224
Transfers		165,000	(1,001,648)	-	-	836,648	-
Transactions with equity holders, recognised directly in equity							
Final dividend approved on 30.06.2014		-	-	-	-	(1,458,037)	(1,458,037)
Total contributions from and distribution to equity holders		-	-	-	-	(1,458,037)	(1,458,037)
Balance as at 31.03.2015	4,715,814	1,545,000	-	17,512,960	13,779,839	6,541,651	44,095,264

	Attributable to the equity holders of the Bank									
	Stated Capital	Statutory reserves		Other reserves			Retained earnings	Total	Non- controlling interests	Total
		Reserve fund	Investment fund account	Fair value reserve	General reserve	LKR 000				
LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	
Group										
Balance as at 01.04.2013 as previously stated	4,715,814	1,285,000	721,025	8,718,485	13,779,839	7,594,136	36,814,299	512,349	37,326,648	
Prior year adjustment on change in accounting policy for investment in Joint venture							-	(202,794)	(202,794)	
Restated Balance as at 01.04.2013	4,715,814	1,285,000	721,025	8,718,485	13,779,839	7,594,136	36,814,299	309,555	37,123,854	
Profit for the year		-	-	-	-	3,151,400	3,151,400	63,613	3,215,013	
Other comprehensive income net of tax		-	-	1,361,490	-	87,313	1,448,803	611	1,449,414	
Total comprehensive income for the year		-	-	1,361,490	-	3,238,713	4,600,203	64,224	4,664,427	
Transfers		95,000	280,623	-	-	(375,623)	-	-	-	
Transactions with equity holders, recognised directly in equity										
Share issue expenses written off- Subsidiary		-	-	-	-	(10,954)	(10,954)	(97)	(11,051)	
Right issue by Subsidiary							-	18,309	18,309	
Increase in ownership interest by the Bank that does not result in change of control		-	-	-	-	(956)	(956)	(2,698)	(3,654)	
Change in holding through joint venture						4,207	4,207	-	4,207	
Final Dividend approved on 28 06 2013						(1,325,488)	(1,325,488)	-	(1,325,488)	
Deemed disposal gain Joint venture		-	-	-	-	39,459	39,459		39,459	
Dividend distributed to non-controlling interest by subsidiaries		-	-	-	-	-	-	(55,565)	(55,565)	
Total contributions from and distribution to equity holders		-	-	-	-	(1,293,732)	(1,293,732)	(40,051)	(1,333,783)	
Balance as at 31.03.2014	4,715,814	1,380,000	1,001,648	10,079,975	13,779,839	9,163,494	40,120,770	333,728	40,454,498	
Profit for the year		-	-	-	-	4,362,256	4,362,256	76,356	4,438,612	
Other comprehensive income net of tax		-	-	5,032,886	-	(177,636)	4,855,250	(426)	4,854,824	
Total comprehensive income for the year		-	-	5,032,886	-	4,184,620	9,217,506	75,930	9,293,436	
Transfers		165,000	(1,001,648)	-	-	836,648	-	-	-	
Transactions with equity holders, recognised directly in equity										
Change in holding through joint venture		-	-	-	-	28,632	28,632	-	28,632	
Final dividend approved on 30.06.2014		-	-	-	-	(1,458,037)	(1,458,037)	-	(1,458,037)	
Dividend distributed to non-controlling interest by subsidiaries		-	-	-	-	-	-	(55,776)	(55,776)	
Total contributions from and distribution to equity holders		-	-	-	-	(1,429,406)	(1,429,406)	(55,776)	(1,485,182)	
Balance as at 31.03.2015	4,715,814	1,545,000	-	15,112,861	13,779,839	12,755,357	47,908,871	353,882	48,262,753	

Cash Flow Statement

<i>For the year ended</i>	Bank		Group	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
	LKR 000	LKR 000	LKR 000	LKR 000
				restated
Cash flow from operating activities				
Interest receipts	6,873,761	8,031,204	13,921,453	15,694,336
Interest payments	(4,292,672)	(4,771,971)	(9,144,115)	(10,043,247)
Recoveries on loans previously written off	42,471	75,467	46,244	80,030
Receipts from other operating activities	72,612	286,418	2,105,965	1,154,641
Cash payments to employees & suppliers	(1,405,580)	(1,521,416)	(3,562,254)	(3,627,296)
Value added tax and nation building levy on financial services	(600,176)	(433,006)	(871,984)	(627,445)
Other taxes and levies	(34,187)	(28,418)	(37,699)	(31,677)
Operating cash flow before changes in operating assets and liabilities	656,229	1,638,278	2,457,610	2,599,342
(Increase)/decrease in operating assets:				
Deposits held for regulatory or monetary control purposes	-	-	254,086	(249,983)
Funds advanced to customers	(10,941,817)	(2,113,890)	(23,632,764)	(13,335,278)
Others	(229,292)	(411,745)	(321,067)	(207,252)
Increase /(decrease) in operating liabilities:				
Deposits from customers	5,549,600	1,142,696	11,727,396	17,523,144
Negotiable certificates of deposit	-	-	(37,702)	157,885
Others	96,982	(113,978)	222,139	(208,455)
Net cash flow from operating activities before income tax	(4,868,297)	141,361	(9,330,302)	6,279,403
Income tax paid	(576,582)	(437,112)	(810,755)	(642,540)
Net cash flow from/(used in) operating activities	(5,444,879)	(295,751)	(10,141,057)	5,636,864
Cash flow from investing activities				
Dividends received	1,565,746	1,180,769	1,383,206	1,030,905
Interest received	663,278	850,068	1,239,098	1,017,921
Government securities	1,019,755	(5,891,816)	(2,707,314)	(11,642,253)
Proceeds from sale and redemption of securities	3,138,109	799,270	3,138,109	799,270
Purchase of securities	(2,451,221)	(825,716)	(10,920,313)	(825,716)
Investment in additional shares of subsidiaries- DFCC Vardhana Bank Plc	-	(2,195,611)	-	-
Investment in additional shares of subsidiaries- Synapsys Ltd	-	(17,000)	-	-
Purchase of property , equipment ,intangibles and investment property	(60,777)	(134,731)	(388,295)	(441,002)
Proceeds from sale of equipment and investment property	1,943	23,014	1,962	32,006
Net cash from/(used in) investing activities	3,876,833	(6,211,753)	(8,253,547)	(10,028,869)
Cash flow from financing activities				
Issue of new shares by Subsidiary	-	-	-	14,655
Share issue expenses	-	-	-	(11,051)
Issue of debentures	4,963,600	-	4,963,600	-
Borrowing , medium and long - term	2,662,392	13,477,741	2,662,393	13,474,943
Other borrowings(Net)	(3,552,000)	(556,250)	11,364,228	742,068
Repayment of borrowing ,medium and long - term	(3,798,259)	(9,411,130)	(3,801,058)	(10,461,798)
Dividends paid	(1,451,188)	(1,319,694)	(1,506,965)	(1,375,261)
Net cash flow from/(used in) financing activities	(1,175,455)	2,190,667	13,682,198	2,383,556
Net decrease in cash & cash equivalents	(2,743,501)	(4,316,837)	(4,712,406)	(2,008,449)
Cash & cash equivalents/(overdraft-net) at the beginning of period	3,242,119	7,558,956	9,917,573	11,926,022
Cash & cash equivalents at the end of period	498,618	3,242,119	5,205,167	9,917,573
Reconciliation of cash & cash equivalents with items reported in the statement of financial position				
Cash and cash equivalents	110,576	545,388	4,060,820	2,933,360
Bank overdraft	(328,579)	-	(330,545)	-
Placements with banks	716,622	2,681,779	1,324,892	3,138,181
Government Securities-less than 3 months	-	14,952	150,000	3,846,032
	498,619	3,242,119	5,205,167	9,917,573

EXPLANATORY NOTES

Note 1. Reporting Entity

In terms of the DFCC Bank (Repeal and Consequential Provisions) Act No 39 of 2014 the DFCC Bank was incorporated under the Companies Act as a public company listed in the Colombo Stock Exchange with the name "DFCC Bank PLC" (Company Registration No: PQ 233) with effect from 6 January 2015 and continues to carry on its business as a licensed specialized bank without any interruption.

Note 2. 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 relevant Sri Lanka Financial Reporting Standards (SLFRS) adopted by The Institute of Chartered Accountants of Sri Lanka (ICASL) and comply with the requirements of the Companies Act No 07 of 2007 and Banking Act No. 30 of 1988 and amendments thereto.

Note 3 Accounting policies and accounting estimates

The accounting policies, estimates and methods of computation are consistent with those policies and methods followed during the previous financial year other than as described below:

3.1 Change in accounting policy

The Group adopted Sri Lanka Accounting Standard (SLFRS 11) "Joint Arrangements" with effect from 1 April 2014 as part of its mandatory application and changed the basis of accounting for its interest in the joint venture, Acuity Partners (Pvt) Ltd.

Prior to the transition to SLFRS 11, Acuity Partners (Pvt) Ltd was classified as a jointly controlled entity and the Group's share of the assets, liabilities, revenue, income and expenses were proportionately consolidated in the consolidated financial statements.

The change in accounting policy has been applied retrospectively as per Sri Lanka Accounting Standard (LKAS 8) Accounting Policies, changes in Accounting Estimates and Errors". This change in accounting policy had no impact on equity attributable to equity holders of the Bank as at 31 March 2014.

3.2 Change in accounting estimate

During the quarter ended 30 June 2014, the Bank re-examined the impairment assessment process in the light of experience gained over the past 2 years in particular the methodology adopted with regard to the collective impairment process.

The change in accounting estimate has been applied prospectively as per Sri Lanka Accounting Standard (LKAS 8) Accounting Policies, changes in Accounting Estimates and Errors".

Note 4. Accounting for investments in associate company and subsidiary companies

Accounted under cost method in Bank's financial statements. Amounts are based on unaudited financial statements of the associate and subsidiary companies.

Note 5. Accounting for investment in joint venture company

Accounted under equity method in group's financial statements. Amounts are based on unaudited financial statements of the joint venture company.

Note 6. 31 December financial year companies

These are DFCC Vardhana Bank PLC, Synapsys Ltd (subsidiaries) and Acuity Partners (Pvt) Limited (joint venture) and National Asset Management Limited (associate).

	Bank		Group	
	2015 LKR 000	2014 LKR 000	2015 LKR 000	2014 LKR 000 Restated
For the year ended 31 March				
Note 7 Net gain/(loss) from financial instruments at fair value through profit or loss				
Forward exchange fair value changes	81,577	91,799	96,819	154,137
Gain/(loss) on CBSL Swap	574,935	(478,080)	574,935	(478,080)
Realised gain on gold put options	-	-	6,463	-
Total	656,512	(386,281)	678,217	(323,943)

Note 8. Net Gain/(Loss) from Financial Investments

Gain on sale of securities	1,135,054	188,995	1,139,963	188,995
Dividend income	991,958	991,912	777,803	815,564
Net gain from repurchase transactions	23,415	30,586	283,304	148,430
	2,150,427	1,211,493	2,201,070	1,152,989

Note 9. Other Operating (Loss)/Income-net

Foreign exchange gain/(loss)	(500,677)	(651,397)	(465,807)	(800,191)
Amortisation of deferred income on Government grant-CBSL swap	(376,185)	459,330	(376,185)	459,330
Others	139,310	169,308	340,494	346,579
	(737,552)	(22,759)	(501,498)	5,718

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.

As at	Bank		Group	
	31-03-2015 LKR 000	31-03-2014 LKR 000	31-03-2015 LKR 000	31-03-2014 LKR 000 Restated
Note 10. Loans and Receivables to Other Customers				
Gross loans and receivables (Note 10.1)	76,350,160	64,733,749	141,332,579	119,058,962
Less: Individual impairment (Note 10.2.1)	(1,932,635)	(1,486,838)	(4,001,868)	(3,794,550)
Collective impairment (Note 10.2.2)	(968,820)	(1,905,442)	(2,007,988)	(3,097,218)
Net loans and receivables	73,448,705	61,341,469	135,322,723	112,167,194
Note 10.1 Loans and Receivables to Other Customers - By product				
By product-Domestic Currency				
Overdrafts	-	-	20,143,752	19,230,658
Trade finance	-	-	9,289,157	8,258,437
Lease rentals receivable	8,250,091	8,109,397	10,962,838	9,611,637
Credit cards	-	-	172,537	114,956
Pawning	-	-	1,720,937	3,426,803
Staff loans	583,621	533,093	1,028,735	871,123
Term loans	57,751,597	47,269,519	80,319,652	61,932,880
Commercial papers and asset back notes	2,385,756	2,321,850	2,385,756	2,321,850
Debenture loans	577,347	886,132	577,347	886,132
Preference shares unquoted	1,270,982	1,500,401	1,270,982	1,500,401
Securities purchased under resale agreements	-	-	753,683	825,880
	70,819,394	60,620,392	128,625,376	108,980,757
By product-Foreign Currency				
Overdrafts	-	-	283,075	275,450
Trade finance	-	-	6,027,978	4,840,862
Term loans	5,530,766	4,113,357	6,396,150	4,961,893
	5,530,766	4,113,357	12,707,203	10,078,205
Gross Loans and Receivables	76,350,160	64,733,749	141,332,579	119,058,962
Note 10.2 Movement in Individual and Collective Impairment during the period for Loans and Receivable to Other Customers				
10.2.1 Individual Impairment				
Opening balance	1,486,838	1,477,986	3,794,550	3,229,925
Charge to income statement	556,493	157,036	1,143,903	714,762
Effect of foreign currency movements	-	-	1,884	5,563
Effect of discounting	-	(2,456)	-	(2,456)
Write-off during the year	(110,696)	(145,728)	(938,469)	(153,244)
Closing balance	1,932,635	1,486,838	4,001,868	3,794,550
10.2.2 Collective Impairment				
Opening balance	1,905,442	1,868,892	3,097,218	2,767,131
Charge to income statement	(887,547)	135,395	(957,842)	475,867
Effect of foreign currency movements	-	-	(53)	718
Transfers to dues on terminated leases	(17,016)	(15,460)	(17,016)	(15,460)
Write-off during the year	(32,059)	(83,385)	(114,319)	(131,038)
Closing balance	968,820	1,905,442	2,007,988	3,097,218
Total Individual and Collective impairment	2,901,455	3,392,280	6,009,856	6,891,768

As at	Bank		Group	
	31-03-2015 LKR 000	31-03-2014 LKR 000	31-03-2015 LKR 000	31-03-2014 LKR 000
Note 11. Due to Other Customers - By product				
By product-Domestic Currency				Restated
Demand deposits (current accounts)	-	-	3,187,948	1,810,331
Savings deposits	-	-	14,544,344	12,167,462
Fixed deposits	22,484,652	16,616,195	65,679,561	57,260,770
Margin deposits	-	-	219,472	648,251
Certificate of deposits	-	-	546,523	586,707
	22,484,652	16,616,195	84,177,849	72,473,521
By product- Foreign Currency				
Demand deposits (current accounts)	-	-	417,516	98,900
Savings deposits	-	-	1,105,905	814,203
Fixed deposits	-	14,168	7,003,041	7,529,571
Margin deposits	-	-	7,483	1,161
	-	14,168	8,533,945	8,443,835
Total	22,484,652	16,630,363	92,711,793	80,917,356

Note 12. 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 30 October 2014.

	Bank		Group	
	31-03-2015 LKR 000	31-03-2014 LKR 000	31-03-2015 LKR 000	31-03-2014 LKR 000
12.1 Government grant- Receivable				
Fair value at the Beginning of the period/initial contract date	276,878	754,958	276,878	754,958
Change in fair value on renewal of contract	(368,086)	-	(368,086)	-
Change in fair value during the period	574,935	(478,080)	574,935	(478,080)
Fair value at the end of period	483,727	276,878	483,727	276,878
12.2 Government grant - Deferred Income				
Fair value at the Beginning of the period/initial contract date	295,628	754,958	295,628	754,958
Change in fair value on renewal of contract	(368,086)	-	(368,086)	-
Change in fair value during the period	574,935	(478,080)	574,935	(478,080)
Foreign exchange (loss)/gain on revaluation	(198,750)	18,750	(198,750)	18,750
Amortisation of deferred income on Government grant- CBSL swap	376,185	(459,330)	376,185	(459,330)
Fair value at the end of period	303,727	295,628	303,727	295,628

Note 13 Reclassification of Comparative Figures

Comparative information is reclassified where ever necessary to confirm with the current year's classification in order to provide a better presentation.

Note 14. Events Occurring after the reporting period

14.1 Proposed Dividend

The Directors have recommended the payment of a final dividend of LKR 6/- per share for the year ended 31 March 2015, which require the approval of the shareholders at the Annual General Meeting to be held on 30 June 2015 The Board of Directors confirms that the Bank has satisfied the solvency test in accordance with Section 57 of the Companies Act No. 07 of 2007.

The proposed final dividend exceeds the minimum distribution mandated by the Inland Revenue Act No. 10 of 2006 and therefore the 10% deemed dividend tax, will not be imposed on the Bank.

14.2 Proposed consolidation of Banking Business

14.2.1 Proposed Merger with National Development Bank PLC (NDB)

The Memorandum of understanding entered into on 24 March 2014 by DFCC Bank PLC (DFCC), DFCC Vardhana Bank PLC (DVB) and National Development Bank PLC (NDB) as a step in working towards the intended amalgamation of the three banks was terminated on 11 May 2015 to enable both banking groups to pursue their respective business and expansion strategies.

14.2.2 Proposed Merger of DFCC Bank PLC (DFCC) and DFCC Vardhana Bank PLC (DVB)

DFCC Bank PLC (DFCC) and DFCC Vardhana Bank PLC (DVB) have decided after due consideration that it would be in the best interests of both banks, its shareholders and other stakeholders to amalgamate DFCC and its 99.2% owned subsidiary, DVB, and continue their activities as a single legal entity which is a licensed commercial bank. Accordingly on 15 May 2015, the banks have made an application to the Central Bank seeking provisional approval for a merger.

No other circumstances have arisen which would require disclosure or adjustment to the financial statements.

Note 15. Other Matters

The interim budget proposal presented by the Minister of Finance on 29 January 2015 and the pursuant Bill gazetted on 30 March 2015 impose a one off tax of 25% on the taxable profit for the Year of Assessment 2013/2014 on any company or each company in a Group of companies if the company's / Group's profit before income tax exceeds LKR 2 billion. The Consolidated profit before tax of the Group and that of the Company for the year of assessment 2013/14 exceeds the set threshold of LKR 2 billion. Accordingly, as per the provisions of the Bill, the estimated liability of the Bank and the Group approximately amount to LKR 533 million and LKR 837 million respectively.

No adjustment has been made in the Financial Statements for the year ended 31 March 2015 since the Bill has not yet been enacted.

Note 16. Disclosures under Appendix 7B of the Listing Rules

16.1 Bank has not incurred management fees or any other similar expenditure

16.2 Stated capital

Number of shares

Number of shares of the Bank on 31 March 2015
(No change from 31 March 2014)

265,097,688

16.3 Twenty Major Shareholders as at 31.03.2015

	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	Employees Provident Fund	24,368,995	9.19
5	Mr. M A Yaseen	19,246,700	7.26
6	Melstacorp Limited	17,042,856	6.43
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-BPSS LDN-Aberdeen Asia Pacific Equity Fund	6,750,000	2.55
11	HSBC Intl Nominees Ltd-BP2S London-Edinburg Dragon Trust PLC	5,620,164	2.12
12	Renuka Hotels Limited	4,073,360	1.54
13	HSBC Intl Nominees Ltd-BP2S London-Aberdeen Asia Smaller Companies Investment Trust	3,889,870	1.47
14	Mrs. L.E.M. Yaseen	3,520,000	1.33
15	HSBC Intl Nominees Ltd-BP2S Luxembourg-Aberdeen Globoal Frontier Markets Equity Fund	3,287,584	1.24
16	Employees Trust Fund Board	2,408,991	0.91
17	Cargo Boat Development Company PLC	2,098,200	0.79
18	HSBC Intl Nominees Ltd-BP2S-London - Aberdeen New Dawn Investment Trust XCC6	1,800,000	0.68
19	Mellon Bank N.A. - Florida Retirement System	1,200,000	0.45
20	Renuka Consultants & Services Limited	1,097,992	0.41

16.4 Public holding % and number of public share holders as at 31.03.2015 is 63.38% and 8,429 respectively.

16.5 Directors' Interests in Shares

	No of Shares As at 31.03.2015
Jansz, C R	1,000
Fernando, A R	4,470
Dayasri, G K	1,036
Gunawardana, H M N S	Nil
Thambiyah, S R	Nil
Perumal, J E A	42,475
Fernando, P M B	1,000
Dharmarajah, T	500
Cooray, K P	Nil

Certification

I certify that these financial statements comply with the requirements of the Companies Act No. 07 of 2007.

A Withana
Chief Financial Officer

We, the undersigned, being the Chairman and a Director 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 unless indicated as audited .

C R Jansz
Chairman

P M B Fernando
Director

15.05.2015

DFCC Listed Debenture

Debtenture Category	Interest Payable Frequency	Applicable Interest Rate	Interest rate of Comparative Government Securites (Gross) p.a.	Balance as at 31-03-2015 LKR 000	Market price			Yield Last Traded %
					Highest	Lowest	Last Traded	
Fixed Rate								
2006/2016	Annually	14.00%	8.24%	609,373	N/T	N/T	N/T	N/T
20014/2017	Annually	8.50%	8.60%	3,997,527	99.92	99.92	99.92	8.50
20014/2017	Semi annually	8.33%	8.60%	877,025	100.30	100.30	100.30	8.21
20014/2017	Quarterly	8.24%	8.60%	299,527	N/T	N/T	N/T	N/T

N/T -Not traded

Other Ratios	31.03.2015	31.03.2014
Debt to equity Ratio	1.05	1.07
Interest cover	1.38	1.34
Liquid Asset Ratio (%)	47.6	77.5

Business Segment Information
For the year ended 31 March 2015

	Lending		Financial Leasing		Investing in Equity		Commercial Banking		Other		Unallocated		Eliminations		Total	
	2015 LKR 000	2014 LKR 000	2015 LKR 000	2014 LKR 000	2015 LKR 000	2014 LKR 000	2015 LKR 000	2014 LKR 000	2015 LKR 000	2014 LKR 000 Restated	2015 LKR 000	2014 LKR 000	2015 LKR 000	2014 LKR 000 Restated	2015 LKR 000	2014 LKR 000 Restated
Revenue																
Interest income	6,825,885	8,169,118	1,184,139	1,575,227	-	-	8,140,241	8,773,840	32,536	52,471	-	-	(84,134)	(90,984)	16,098,667	18,479,672
Net fees and commission income	167,995	103,998	-	12,902	-	-	871,612	697,627	248,689	184,978	-	-	(168,332)	(156,841)	1,119,964	842,664
Net gain/(loss) from trading	-	-	-	-	-	-	333,309	178,741	-	0	146,679	33,565	-	-	479,988	212,306
Net gain/(loss) from financial instruments designated at fair value through PL	-	-	-	-	-	-	21,705	62,338	-	-	656,512	(386,281)	-	-	678,217	(323,943)
Net gain/(loss) from financial invest	-	-	-	-	2,127,011	1,211,493	265,065	118,056	-	0	23,416	-	(214,422)	(176,560)	2,201,070	1,152,989
Other income	(34,344)	41,262	-	-	-	(31,287)	46,354	(141,527)	219,708	199,763	(703,208)	(32,724)	(30,008)	(29,759)	(501,498)	5,718
Income from external customers	6,959,536	8,314,378	1,184,139	1,588,129	2,127,011	1,180,196	9,678,286	9,689,075	500,933	437,212	123,399	(385,440)	(496,896)	(454,144)	20,076,408	20,369,406
Total income	6,959,536	8,314,378	1,184,139	1,588,129	2,127,011	1,180,196	9,678,286	9,689,075	500,933	437,212	123,399	(385,440)	(496,896)	(454,144)	20,076,408	20,369,406
Percentage *	35	41	6	8	11	6	48	48	2	2	1	(2)	(2)	(2)	100	100
Expense																
Segment losses	(319,927)	357,304	12,363	(46,295)	-	13,786	565,120	896,927	-	-	-	-	(11,000)	-	246,556	1,221,722
Depreciation	-	-	-	-	-	-	208,422	182,549	31,426	21,554	-	-	-	-	239,848	204,103
Other operating & interest expense	4,250,864	3,485,965	505,454	566,624	-	-	7,073,993	7,689,330	306,599	299,152	-	-	(282,474)	(277,584)	11,854,436	11,763,487
	3,930,937	3,843,269	517,817	520,329	-	13,786	7,847,535	8,768,806	338,025	320,706	-	-	(293,474)	(277,584)	12,340,840	13,189,312
Result	3,028,599	4,471,109	666,322	1,067,800	2,127,011	1,166,410	1,830,751	920,269	162,908	116,506	123,399	(385,440)	(203,422)	(176,560)	7,735,568	7,180,094
Unallocated expenses															1,588,796	2,557,568
Value added tax and Nation building tax on financial services															884,072	602,040
Share of profits of associates and joint venture															5,262,700	4,020,486
Profit before tax															153,270	96,966
Income tax on profit on ordinary activities															5,415,970	4,117,452
Profit after tax															977,358	902,439
Non controlling interests															4,438,612	3,215,013
Profit for the Equity Holders of the Bank															76,356	63,613
Profits for the year															4,362,256	3,151,400
Other Comprehensive Income net of tax					5,095,892	1,289,900	(61,363)	70,814	(179,705)	88,700					4,854,824	1,449,414
Total Comprehensive Income															9,293,436	4,664,427
Total Comprehensive Income - Non controlling interests															75,930	64,224
Profit for the Equity Holders of the Bank															9,217,506	4,600,203
Assets	71,347,897	61,615,401	10,966,528	9,617,324	29,487,466	24,547,340	98,559,783	78,429,809	783,076	764,571	5,051,461	6,277,574	(6,773,897)	(7,285,800)	209,422,314	173,966,219
Percentage*	34	35	5	6	14	14	47	45	0	0	2	7	(3)	(4)	100	100
Investment in associate & Joint venture company															1,187,985	1,029,075
															210,610,299	174,995,294
Liabilities	58,153,494	47,429,081	7,425,082	7,298,457	-	-	92,437,374	72,016,398	151,038	167,462	4,801,205	8,761,945	(620,647)	(1,132,547)	162,347,546	134,540,796

* Net of eliminations
Revenue and expenses attributable to the incorporated business segments of industrial estate management, unit trust management, stockbroking and consultancy services are included in the column for other.

Revenues and expenses attributable to the business segment of DFCC Vardhana PLC is included in the column for commercial banking

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.

Supplementary Financial Information (Consolidated Income Statement of DFCC & DVB (DBB))

This information relates to the consolidation of DFCC Bank PLC (DFCC) and DFCC Vardhana Bank PLC (DVB) for purpose of internal review and analysis of the banking business and is derived from total Group financial statements

Income statement of DVB for the year ended 31 December is consolidated with income statements of DFCC for the year ended 31 March.

For the year ended 31 March

	2015	2014
	LKR 000	LKR 000
Income	19,870,921	20,214,370
Interest income	16,087,220	18,466,668
Interest expenses	9,428,337	10,598,761
Net Interest Income	6,658,883	7,867,907
Fee and commission income	1,056,910	820,969
Less: Fee and commission expenses	17,303	6,442
Net Fee and Commission Income	1,039,607	814,527
Net gain/(loss) from trading	479,988	212,306
Net gain/(loss) from financial instruments at fair value through profit or loss	678,217	(323,943)
Net gain from financial investments	2,288,651	1,230,939
Other operating income (net)	(720,065)	(192,569)
	10,425,281	9,609,167
Charge of Impairment for loans and other losses	257,556	1,221,722
Net Operating Income	10,167,725	8,387,445
Less: Operating Expenses		
Personnel expenses	2,016,172	1,829,807
Other operating expenses	2,091,109	1,973,666
Operating profit before value added tax and nation building tax on financial services	6,060,444	4,583,972
Value added tax and nation building tax on financial services	884,072	602,040
Profit Before Tax	5,176,372	3,981,932
Tax expenses	955,975	879,585
Profit for the Year	4,220,397	3,102,347

Reconciliation with Group profit

For the year ended 31 March

	2,015	2014
	LKR 000	LKR 000
Profit for the period - DBB	4,220,397	3,102,347
Consolidation adjustments		
Dividend from subsidiaries & JV accounted in DBB	(87,580)	(77,951)
WHT on dividend received	(6,804)	(6,258)
Reversal of provision for fall in value of investments in subsidiary	11,000	-
	4,137,013	3,018,138
Add: Profit from other subsidiaries and Joint venture attributable to equity holders of DFCC Bank		
Subsidiaries	148,329	99,909
Share of profits of Joint venture	138,303	90,633
Share of profits of associate	14,967	6,333
Profit for the Year	4,438,612	3,215,013