



## **Results for the nine months Ended 31 December 2015**

This commentary relates to the financial statements for 9 months ended 31 December 2015. These Financial Statements are presented in accordance with Sri Lanka Financial Reporting Standards (SLFRS) aligned with International Financial Reporting Standards (IFRS).

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

On 1 October 2015, the Registrar General of Companies issued the Certificate of Amalgamation in terms of Section 244 (1) (a) of the Companies Act that DFCC Vardhana Bank PLC (DVB) has been amalgamated with DFCC Bank PLC in accordance with the provisions of Part VIII of the Companies Act, with DFCC Bank PLC (DFCC) surviving as the amalgamated entity.

Currently, DFCC Group comprises DFCC Bank, its subsidiaries, Lanka Industrial Estates Limited (LINDEL), DFCC Consulting (Pvt) Limited, Synapsys Limited, the joint venture company Acuity Partners (Pvt) Limited (APL) and the associate company National Asset Management Limited (NAMAL).

Pursuant to the amalgamation, DFCC changed its financial year-end from 31 March to 31 December. As such the current period results are reported from 1 April 2015 to 31 December 2015.

In the prior years, since the Bank's financial year ended on 31 March, the results of DVB, APL and Synapsys Limited were consolidated with a three-month gap. Due to the change of the financial year, the results of these companies with a financial year end of 31 December has now been consolidated after closing the 3 month gap period of January to March. However, the results of DFCC Consulting (Pvt) Limited and LINDEL whose financial year ends on 31 March have been consolidated for a period of 9 months ending on 31 December 2015.

In this review, current period means the nine months period from 1 April 2015 to 31 December 2015 and previous year means the year ended 31 March 2015.

As the performance of the current period consist of only a nine month period, the results cannot be directly compared with that of the previous year.

The DFCC Group recorded a consolidated profit after tax of LKR 1,642million for the 9 months ended 31 December 2015 compared with LKR 4,439million in the previous year ended 31 March 2015. A comparison of the Bank level results are further distorted due to the one off gains reported in the previous year, one off expenses related to amalgamation and taxation for 12 months on profits for 9 months due to the change of financial year included in the current period's results.

By far the largest contribution to profits and assets was from the Banking Business which is our core business. For comparison purposes a revised Income Statement and Statement of Financial Position prepared (of banking business) on the basis that the amalgamation took place prior to 1 April 2014 has been released to the Colombo Stock Exchange as supplementary financial information.

The profit after tax of the Banking Business in the current period was LKR 1,239million, compared to LKR 4,501 million in previous year. This is not directly comparable due to different reporting periods, and the reasons explained above.

The net interest income (NII) for the current period of LKR 5,385 million translates to a 3.6% growth on an annualised basis compared to LKR 6,929 million reported in the previous year. In spite of the very healthy credit portfolio growth in Banking Business of over 15% achieved during the current 9 month period, the NII growth was depressed due to the higher drop in lending rates in comparison to the drop in the deposit rates.

Due to the low interest regime the overall interest margin declined to 3.1% compared to 3.6% in the previous year.

Net fee and commission income in the current period was LKR 843 million compared to LKR 1,097 million in the previous year. On an annualised basis it translates to an increase of 2.4% compared to the previous year.

Net gain from trading in the previous year was LKR 496 million compared to LKR 172 million reported for the current period. The lower capital gains recorded on fixed income securities was as a result of the upward trend in market interest rates for fixed income that prevailed during the current period compared to the previous year.

Foreign exchange income too did not contribute positively towards the current period profits due to the depreciation of the LKR against the dollar.

Gain on sale of equity securities was LKR 37 million in the current period compared to LKR 1,135 million in the previous year. This drop was mainly due to the one off capital gain of LKR 829 million realized on the divestment of the entire holding of 9.92% ordinary voting shares of Nations Trust Bank PLC during the previous year.

Dividend income received by DFCC Bank makes a significant contribution to other income. This is largely from the investment in Commercial Bank of Ceylon PLC supplemented by dividend from other equity securities classified as available for sale. However due to the financial year end being advanced during the current period to 31 December 2015, dividend declared during the first quarter of 2016 are not included in the results of the current period.

Impairment allowance reported during the current period is higher compared to the previous year due to a reversal in impairment allowance in the previous year arising from a change to the impairment assessment processes.

The cumulative allowance for impairment for loans and advances was maintained at a healthy level of 72% as a percentage of impaired loans and advances as at 31 December 2015.

The ratio of impaired loans to total loans as at 31 December 2015 was 5.1% compared to 6.1% as at 31 March 2015, indicating an improvement in credit quality.

In common with the banking industry, personnel cost is a significant proportion of the operating expenses. During the current period the main cost increases were due to one off costs incurred on account of amalgamation and costs associated with the branch expansion.

Due to the change of the financial year end to 31 December, the current year income tax expense is computed based on results for a period of 12 months despite the reported results being only for a 9 month period. As a result of the change of the financial year, the Bank has estimated an additional income tax liability of LKR 180 million.

The total assets of the Group recorded a significant growth of 17% and stood at LKR 247,109 million as at 31 December 2015 compared to LKR 210,610 million on 31 March 2015. Within this growth, loans and receivables to customers grew by 18% over the previous year.

Liabilities were mainly in Sri Lankan Rupees but it also has foreign currency liabilities mainly US Dollars. Remarkable growth of 19% was achieved in customer deposits by the Group during the 9 months ended 31 December 2015 compared to the previous year.

### ***Investments***

Listed shares are classified as available for sale and carried at fair value. Fair value changes that represent unrealized gains/loss are recognized in other comprehensive income. During the period ended 31 December 2015, due to adverse market conditions the available for sale securities recorded a fair value loss of LKR 3,246 million. In the comparable year the fair value gain was LKR 5,531 million.

### ***Equity Capital***

Under SLFRS, the total income for the period comprises the income reported in the income statement and other comprehensive income. The equity capital is significantly augmented due to the recognition of net unrealized gain on listed ordinary shares listed in the Colombo Stock Exchange and owned by the bank at fair value.

The payout ratio based on the dividend recommended by the Directors is 62% in the current period compared to 49% in the previous year. Dividend per share for the 9 months ended 31 December 2015 is LKR 2.50 per share compared to LKR 6.0 per share in the previous year. The decrease in the dividend is mainly due to the financial results for the current period being for a contracted period of 9 months and the other circumstances explained earlier.

### ***Prudential Indicators***

Bank continued to remain as one of the best capitalized Banks in the industry with Group Tier 1 capital adequacy ratio at 15.39% and total capital adequacy ratio at 15.32%. The regulatory

capital computation excludes fair value changes on financial assets classified as available for sale.

Arjun Fernando

Chief Executive Officer

24. February 2016

**DFCC Bank PLC**  
**Income Statement**

	Notes	Bank				Group			
		For the period ended		For the quarter ended		For the period ended		For the quarter ended	
		9 months ended 31 December 2015 LKR 000	Year ended 31 March 2015 LKR 000	31 December 2015 LKR 000	31 March 2015 LKR 000	9 months ended 31 December 2015 LKR 000	Year ended 31 March 2015 LKR 000	31 December 2015 LKR 000	31 March 2015 LKR 000
<b>Income</b>		<b>10,036,280</b>	10,394,085	<b>5,407,338</b>	2,516,051	<b>17,502,868</b>	20,093,711	<b>8,123,762</b>	4,825,955
Interest income		8,918,343	8,010,024	4,676,775	1,925,803	15,308,568	16,098,667	6,972,609	3,803,918
Less: Interest expenses		5,560,354	4,675,447	2,875,055	1,176,232	8,923,243	9,407,584	4,127,032	2,130,735
<b>Net interest income</b>		<b>3,357,989</b>	3,334,577	<b>1,801,720</b>	749,571	<b>6,385,325</b>	6,691,083	<b>2,845,577</b>	1,673,183
Fees and commission income		371,590	167,995	287,694	44,873	1,151,029	1,137,267	579,337	321,821
Fees and commission expenses		1,208	-	1,208	-	9,914	17,303	3,592	2,886
<b>Net fee and commission income</b>		<b>370,382</b>	167,995	<b>286,486</b>	44,873	<b>1,141,115</b>	1,119,964	<b>575,745</b>	318,935
Net gain from trading		87,062	146,679	91,894	2,248	215,575	479,988	82,157	12,891
Net (loss)/ gain from financial instruments at fair value through profit or loss	7	(330)	656,512	(446,645)	107,183	74,583	678,217	(310,913)	349,002
Net gain from financial investments	8	640,637	2,150,427	267,853	558,000	507,528	2,201,070	283,333	625,473
Other operating income/(loss) - net	9	18,978	(737,552)	529,767	(122,056)	245,585	(501,498)	517,239	(287,150)
<b>Total operating income</b>		<b>4,474,718</b>	5,718,638	<b>2,531,075</b>	1,339,819	<b>8,569,711</b>	10,668,824	<b>3,993,138</b>	2,692,334
Impairment for loans and other losses									
- Individual impairment		325,635	556,493	174,215	255,058	757,051	1,143,903	421,376	285,610
- Collective impairment		(104,907)	(887,547)	(119,297)	(45,965)	23,483	(957,842)	(77,157)	(55,226)
- Others		2,530	12,490	(530)	1,153	14,793	60,495	4,495	49,158
Investment - impairment losses		1,681	11,000	-	-	-	-	-	-
<b>Net operating income</b>		<b>4,249,779</b>	6,026,202	<b>2,476,687</b>	1,129,573	<b>7,774,384</b>	10,422,268	<b>3,644,424</b>	2,412,792
<b>Operating expenses</b>									
Personnel expenses		1,212,541	943,041	879,135	401,608	2,559,350	2,212,600	1,428,634	816,132
Depreciation and amortisation		157,319	140,358	86,048	35,759	349,392	380,206	152,006	100,110
Other expenses		948,156	586,269	680,768	97,207	1,801,535	1,682,690	984,286	346,623
<b>Operating profit before value added tax and nation building tax on financial services</b>		<b>1,931,763</b>	4,356,534	<b>830,736</b>	594,999	<b>3,064,107</b>	6,146,772	<b>1,079,498</b>	1,149,927
<b>Value added tax and nation building tax on financial services</b>		<b>342,498</b>	585,244	<b>192,300</b>	179,486	<b>589,330</b>	884,072	<b>268,909</b>	297,645
<b>Operating profit after value added tax and nation building tax on financial services</b>		<b>1,589,265</b>	3,771,290	<b>638,436</b>	415,513	<b>2,474,777</b>	5,262,700	<b>810,589</b>	852,282
Share of profits of associate and joint venture		-	-	-	-	78,693	153,270	36,938	3,998
<b>Profit before tax</b>		<b>1,589,265</b>	3,771,290	<b>638,436</b>	415,513	<b>2,553,470</b>	5,415,970	<b>847,527</b>	856,280
Tax expense		520,915	530,942	352,063	(36,252)	911,842	977,358	395,245	11,497
<b>Profit for the period</b>		<b>1,068,350</b>	3,240,348	<b>286,373</b>	451,765	<b>1,641,628</b>	4,438,612	<b>452,282</b>	844,783
<b>Profit attributable to:</b>									
Equity holders of the Bank		1,068,350	3,240,348	286,373	451,765	1,592,303	4,362,256	435,468	824,540
Non-controlling interests		-	-	-	-	49,325	76,356	16,814	20,243
<b>Profit for the period</b>		<b>1,068,350</b>	3,240,348	<b>286,373</b>	451,765	<b>1,641,628</b>	4,438,612	<b>452,282</b>	844,783
Basic earnings per ordinary share - LKR		4.03	12.22	1.08	1.70	6.01	16.46	1.64	3.11

**Statement of Profit or Loss and Other Comprehensive Income**

	Bank				Group			
	For the period ended		For the quarter ended		For the period ended		For the quarter ended	
	9 months ended 31 December 2015 LKR 000	Year ended 31 March 2015 LKR 000	31 December 2015 LKR 000	31 March 2015 LKR 000	9 months ended 31 December 2015 LKR 000	Year ended 31 March 2015 LKR 000	31 December 2015 LKR 000	31 March 2015 LKR 000
<b>Profit for the period</b>	<b>1,068,350</b>	3,240,348	<b>286,373</b>	451,765	<b>1,641,628</b>	4,438,612	<b>452,282</b>	844,783
<b>Other comprehensive (expenses)/income for the period, net of tax</b>								
<b>Other comprehensive (expenses)/ income to be reclassified to income statement</b>								
Available for sale financial assets:								
Net change in fair value of available-for-sale financial assets	(3,157,505)	5,474,513	(2,321,776)	(692,825)	(3,246,069)	5,531,519	(2,371,111)	(672,075)
Net amount transferred to income statement on disposal of available-for-sale financial assets	(36,682)	(404,565)	192	-	(56,933)	(490,253)	(6,018)	(85,688)
Tax expense relating to available for sale financial assets	(360)	(163)	548	(163)	30,108	(17,892)	20,515	(17,892)
Share of other comprehensive income of associate and joint venture	-	-	-	-	17,029	9,086	17,226	4,882
<b>Total Other comprehensive (expenses)/income to be reclassified to income statement</b>	<b>(3,194,547)</b>	5,069,785	<b>(2,321,036)</b>	(692,988)	<b>(3,255,865)</b>	5,032,460	<b>(2,339,388)</b>	(770,773)
<b>Other comprehensive expenses not to be reclassified to income statement</b>								
Actuarial losses on defined benefit plans	(102,755)	(171,807)	(102,755)	(171,807)	(104,118)	(187,912)	(104,118)	(187,912)
Tax expense relating to actuarial gains and losses on defined benefit plans	1,112	4,898	1,112	4,898	1,553	10,276	1,553	10,276
<b>Total other comprehensive expenses not to be reclassified to income statement</b>	<b>(101,643)</b>	(166,909)	<b>(101,643)</b>	(166,909)	<b>(102,565)</b>	(177,636)	<b>(102,565)</b>	(177,636)
<b>Other comprehensive (expenses)/income for the period, net of tax</b>	<b>(3,296,190)</b>	4,902,876	<b>(2,422,679)</b>	(859,897)	<b>(3,358,430)</b>	4,854,824	<b>(2,441,953)</b>	(948,409)
<b>Total comprehensive (expenses)/ income for the period</b>	<b>(2,227,840)</b>	8,143,224	<b>(2,136,306)</b>	(408,132)	<b>(1,716,802)</b>	9,293,436	<b>(1,989,671)</b>	(103,626)
Total comprehensive (expenses)/ income attributable to:								
Equity holders of the Bank	(2,227,840)	8,143,224	(2,136,306)	(408,132)	(1,765,468)	9,217,506	(2,006,050)	(123,144)
Non-controlling interests	-	-	-	-	48,666	75,930	16,379	19,518
<b>Total comprehensive (expenses)/ income for the period</b>	<b>(2,227,840)</b>	8,143,224	<b>(2,136,306)</b>	(408,132)	<b>(1,716,802)</b>	9,293,436	<b>(1,989,671)</b>	(103,626)

## Statement of Financial Position

As at	Notes	BANK		GROUP	
		31.12.2015	31.03.2015	31.12.2015	31.03.2015
		LKR 000	LKR 000 Audited	LKR 000	LKR 000 Audited
<b>Assets</b>					
Cash and cash equivalents		4,305,247	110,576	4,314,777	4,060,820
Balances with Central Bank of Sri Lanka		5,553,809	-	5,553,809	2,616,406
Placements with banks		-	716,622	1,718	1,324,892
Derivative assets held- for- risk management		198,776	29,335	198,776	89,861
Other financial assets held-for-trading		-	1,469,166	-	1,469,166
Loans to and receivables from banks		4,574,319	484,067	4,602,263	3,563,647
Loans to and receivables from other customers	10	160,345,530	73,448,705	160,343,155	135,322,723
Financial investments - available-for-sale		48,957,015	27,823,496	48,957,015	45,826,878
Financial investments - held-to-maturity		17,903,885	2,085,921	17,903,885	10,872,287
Investments in subsidiaries		132,855	5,957,564	-	-
Investments in associate		35,270	35,270	66,980	63,960
Investments in joint venture		655,000	655,000	1,180,819	1,124,025
Due from subsidiaries		17,394	135,091	-	-
Investment property		-	-	195,732	186,070
Property, plant and equipment		943,017	351,207	1,042,301	1,051,932
Intangible assets		247,115	82,380	247,945	280,196
Goodwill on consolidation		-	-	156,226	156,226
Government grant receivable	12.1	539,758	483,727	539,758	483,727
Deferred tax asset		-	-	1,536	1,562
Income tax refund due		-	-	-	1,178
Prepayments		36,708	26,342	36,708	26,342
Other assets		1,705,379	717,125	1,765,199	2,088,401
<b>Total assets</b>		<b>246,151,077</b>	<b>114,611,594</b>	<b>247,108,602</b>	<b>210,610,299</b>
<b>Liabilities</b>					
Due to banks		24,364,403	1,928,867	24,365,653	5,972,567
Derivative liabilities held- for - risk management		85,333	1,737	85,333	37,153
Due to other customers	11	110,890,685	22,484,652	110,551,220	92,711,793
Other borrowing		35,955,297	24,361,797	35,955,297	38,846,172
Debt securities issued		23,292,660	19,445,924	23,292,660	19,445,924
Current tax liability		251,551	53,211	266,723	191,598
Deferred tax liability		880,490	486,855	880,490	642,021
Government grant - deferred income	12.2	476,008	303,727	476,008	303,727
Other liabilities		3,368,558	840,156	3,500,012	2,586,927
Due to subsidiaries		-	31	-	-
Subordinated term debt		3,767,081	609,373	3,767,081	1,609,664
<b>Total liabilities</b>		<b>203,332,066</b>	<b>70,516,330</b>	<b>203,140,477</b>	<b>162,347,546</b>
<b>Equity</b>					
Stated capital	14.2	4,715,814	4,715,814	4,715,814	4,715,814
Statutory reserve		1,834,275	1,545,000	1,834,275	1,545,000
Retained earnings		8,203,426	6,541,651	11,506,206	12,752,999
Other reserves		28,065,496	31,292,799	25,659,404	28,895,058
<b>Total equity attributable to equity holders of the Bank</b>		<b>42,819,011</b>	<b>44,095,264</b>	<b>43,715,699</b>	<b>47,908,871</b>
<b>Non-controlling interests</b>				<b>252,426</b>	<b>353,882</b>
<b>Total equity</b>		<b>42,819,011</b>	<b>44,095,264</b>	<b>43,968,125</b>	<b>48,262,753</b>
<b>Total equity and liabilities</b>		<b>246,151,077</b>	<b>114,611,594</b>	<b>247,108,602</b>	<b>210,610,299</b>
Contingent liabilities and commitments		76,014,851	40,979,686	76,014,851	75,072,548
<b>Net asset value per share, LKR</b>		<b>161.52</b>	<b>166.34</b>	<b>164.90</b>	<b>180.72</b>

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

	31.12.2015	31.03.2015
- Highest price Rs.	183.00	232.00
- Lowest price Rs.	155.00	200.00
- Last traded price Rs.	168.10	202.80

## Statement of Changes in Equity

For the period ended 31 December 2015

		Statutory reserves		Other reserves			
	Stated capital LKR 000	Reserve fund LKR 000	Investment fund account LKR 000	Fair value reserve LKR 000	General reserves LKR 000	Retained earnings LKR 000	Total equity LKR 000
<b>Bank</b>							
<b>Balance as at 01.04.2014</b>	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 net of tax	-	-	-	5,069,785	-	(166,909)	4,902,876
<b>Total comprehensive income for the year</b>	-	-	-	5,069,785	-	3,073,439	8,143,224
Transfers	-	165,000	(1,001,648)	-	-	836,648	-
<b>Transactions with equity holders, recognised directly in equity</b>							
Final dividend approved on 30.06.2014	-	-	-	-	-	(1,458,037)	(1,458,037)
<b>Total contributions from and distribution to equity holders</b>	-	-	-	-	-	(1,458,037)	(1,458,037)
<b>Balance as at 31.03.2015</b>	<b>4,715,814</b>	<b>1,545,000</b>	<b>-</b>	<b>17,512,960</b>	<b>13,779,839</b>	<b>6,541,651</b>	<b>44,095,264</b>
<b>Balance as at 31.03.2015</b>	4,715,814	1,545,000	-	17,512,960	13,779,839	6,541,651	44,095,264
Super gain tax	-	-	-	-	-	(776,593)	(776,593)
<b>Adjusted Balance as at 01.04.2015</b>	4,715,814	1,545,000	-	17,512,960	13,779,839	5,765,058	43,318,671
Balances transferred on amalgamation	-	229,275	-	(32,756)	-	3,122,247	3,318,766
	4,715,814	1,774,275	-	17,480,204	13,779,839	8,887,305	46,637,437
Profit for the period	-	-	-	-	-	1,068,350	1,068,350
Other comprehensive expenses net of tax	-	-	-	(3,194,547)	-	(101,643)	(3,296,190)
<b>Total comprehensive (expenses)/income for the period</b>	-	-	-	(3,194,547)	-	966,707	(2,227,840)
Transfers	-	60,000	-	-	-	(60,000)	-
<b>Transactions with equity holders, recognised directly in equity</b>							
Final dividend approved on 30.06.2015	-	-	-	-	-	(1,590,586)	(1,590,586)
<b>Total contributions from and distribution to equity holders</b>	-	-	-	-	-	(1,590,586)	(1,590,586)
<b>Balance as at 31.12.2015</b>	<b>4,715,814</b>	<b>1,834,275</b>	<b>-</b>	<b>14,285,657</b>	<b>13,779,839</b>	<b>8,203,426</b>	<b>42,819,011</b>



Statement of Changes in Equity  
For the period ended 31 December 2015

Group	Attributable to the equity holders of the Bank									
	Stated Capital	Statutory reserves		Other reserves			Retained earnings	Total	Non- controlling interests	Total equity
		Reserve fund	Investment fund account	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	LKR 000
Balance as at 01.04.2014	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	2,358	-	(179,994)	4,855,250	(426)	4,854,824
Total comprehensive income for the year		-	-	5,032,886	2,358	-	4,182,262	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	-	-	-	-	-	-	(1,429,405)	(1,429,405)	(55,776)	(1,485,181)
Balance as at 31.03.2015	4,715,814	1,545,000	-	15,112,861	2,358	13,779,839	12,752,999	47,908,871	353,882	48,262,753
Balance as at 31.03.2015	4,715,814	1,545,000		15,112,861	2,358	13,779,839	12,752,999	47,908,871	353,882	48,262,753
Super gain tax							(794,705)	(794,705)	(16,663)	(811,368)
Adjusted balance as at 01.04.2015	4,715,814	1,545,000	-	15,112,861	2,358	13,779,839	11,958,294	47,114,166	337,219	47,451,385
Profit for the period	-	-	-	-	-	-	1,592,303	1,592,303	49,325	1,641,628
Other comprehensive (expenses)/income net of tax	-	-	-	(3,255,206)	19,552	-	(122,117)	(3,357,771)	(659)	(3,358,430)
Total comprehensive (expenses)/income for the period		-	-	(3,255,206)	19,552	-	1,470,186	(1,765,468)	48,666	(1,716,802)
Transfers		289,275	-	-	-	-	(289,275)	-	-	-
Transactions with equity holders, recognised directly in equity										
Increase in ownership interest by the Bank that does not result in change of control	-	-	-	-	-	-	(45,667)	(45,667)	(76,741)	(122,408)
Change in holding through joint venture	-	-	-	-	-	-	9,830	9,830	-	9,830
Final dividend approved on 30.06.2015	-	-	-	-	-	-	(1,590,586)	(1,590,586)	-	(1,590,586)
Preference share dividend paid by subsidiary of joint venture	-	-	-	-	-	-	(6,576)	(6,576)	-	(6,576)
Dividend distributed to non-controlling interest by subsidiaries	-	-	-	-	-	-	-	-	(56,718)	(56,718)
Total contributions from and distribution to equity holders		-	-	-	-	-	(1,632,999)	(1,632,999)	(133,459)	(1,766,458)
Balance as at 31.12.2015	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

## Statement of Cash Flows

	Bank		Group	
	9 months ended 31	Year ended 31	9 months ended 31	Year ended 31
	December 2015	March 2015	December 2015	March 2015
	LKR 000	LKR 000	LKR 000	LKR 000
<b>Cash flow from operating activities</b>				
Interest receipts	7,238,360	6,873,761	12,887,530	13,921,453
Interest payments	(5,375,259)	(4,292,672)	(8,432,834)	(9,144,115)
Recoveries on loans previously written-off	23,267	42,471	31,463	46,244
Receipts from other operating activities	2,237,257	72,612	3,556,605	2,105,965
Cash payments to employees and suppliers	(1,790,725)	(1,405,580)	(3,669,959)	(3,562,254)
Value added tax and nation building tax on financial services	(327,844)	(600,176)	(589,020)	(871,983)
Other levies	(29,199)	(34,187)	(37,844)	(37,699)
Operating Cash flow before changes in operating assets and liabilities	1,975,857	656,229	3,745,941	2,457,611
<b>(Increase )/decrease in operating assets:</b>				
Deposits held for regulatory or monetary control purposes	(2,308,744)	-	(2,937,403)	254,086
Funds advanced to customers	(12,925,166)	(10,941,817)	(27,448,299)	(23,632,764)
Others	576,482	(229,292)	660,963	(321,067)
<b>Increase /(decrease ) in operating liabilities:</b>				
Deposits from customers	13,298,437	5,549,600	17,122,636	11,727,396
Negotiable certificates of deposit	18,055	-	143,675	(37,703)
Others	135,829	96,982	137,817	223,154
Net cash flow from/(used in) operating activities before income tax	770,750	(4,868,298)	(8,574,670)	(9,329,287)
Income tax paid	(951,490)	(576,581)	(1,248,318)	(810,755)
<b>Net cash flow used in operating activities</b>	<b>(180,740)</b>	<b>(5,444,879)</b>	<b>(9,822,988)</b>	<b>(10,140,042)</b>
<b>Cash flow from investing activities</b>				
Dividend received	563,704	1,565,746	284,255	1,383,206
Interest received	1,104,679	663,278	1,398,108	1,239,098
Government Securities- net	(4,818,751)	1,019,756	(9,002,938)	(2,707,313)
Proceeds from sale and redemption of securities	558,085	3,138,109	558,085	3,138,109
Purchase of securities	(2,496,929)	(2,451,221)	(2,214,741)	(10,920,313)
Purchase of property , equipment ,intangibles and investment property	(118,534)	(60,774)	(313,883)	(389,311)
Proceeds from sale of equipment and investment property	2,810	1,940	(1,445)	1,962
<b>Net cash (used in)/from investing activities</b>	<b>(5,204,936)</b>	<b>3,876,834</b>	<b>(9,292,559)</b>	<b>(8,254,562)</b>
<b>Cash flow from financing activities</b>				
Payment to minority share holders on amalgamation	(122,408)	-	(122,408)	-
Issue of debentures	-	4,963,600	-	4,963,600
Borrowing , medium and long term	3,318,581	2,662,392	3,315,727	2,662,392
Other borrowing-net	7,094,903	(3,552,000)	20,167,940	11,364,228
Repayment of borrowing ,medium and long term	(3,505,648)	(3,798,259)	(3,505,649)	(3,801,057)
Dividends paid	(1,572,012)	(1,451,188)	(1,628,735)	(1,506,965)
<b>Net Cash flow from/(used in) financing activities</b>	<b>5,213,416</b>	<b>(1,175,455)</b>	<b>18,226,875</b>	<b>13,682,198</b>
Net decrease in cash and cash equivalents	(172,260)	(2,743,500)	(888,672)	(4,712,406)
Cash and cash equivalents at the beginning of period	498,619	3,242,119	5,205,167	9,917,573
Cash and cash equivalents of DFCC Vardhana Bank PLC as at the date of amalgamation	3,978,888	-	-	-
Cash and cash equivalents at the end of period	4,305,247	498,619	4,316,495	5,205,167
<b>Reconciliation of cash and cash equivalents with items reported in the statement of financial position</b>				
Cash and cash equivalents	4,305,247	110,576	4,314,777	4,060,820
Bank overdrafts	-	(328,579)	-	(330,545)
Placements with banks	-	716,622	1,718	1,324,892
Government Securities-less than 3 months	-	-	-	150,000
	4,305,247	498,619	4,316,495	5,205,167

## EXPLANATORY NOTES

### Note 1. Reporting Entity

On 1 October 2015, the Registrar General of Companies issued the Certificate of Amalgamation in terms of Section 244 (1) (a) of the Companies Act No. 7 of 2007 that DFCC Vardhana Bank PLC (DVB) has been amalgamated with DFCC Bank PLC in accordance with the provisions of Part VIII of the Companies Act, No. 7 of 2007 with DFCC Bank PLC surviving as the amalgamated entity.

DFCC Bank PLC (DFCC) also obtained a commercial banking license from the Monetary Board of the Central Bank of Sri Lanka in terms of the Banking Act, No. 30 of 1988, as amended, and accordingly upon the amalgamation now operates as a licensed commercial bank.

### Note 2 . Change of Financial Year End

DFCC Bank has changed its financial year end from 31 March to 31 December in the year 2015. Accordingly, the current year separate financial statements of DFCC Bank PLC contain the results of nine months from 1 April 2015 to 31 December 2015. However, the comparative figures presented in these financial statements are for the year ended 31 March 2015 and not entirely comparable with the current period.

DFCC Bank PLC had an annual year end of 31 March up to financial year ended 31 March 2015, and its subsidiaries, DFCC Vardhana Bank PLC, Synapsis Limited, joint venture, Acuity Partners (Pvt) Limited and associate company National Asset Management Limited, year end as at 31 December. DFCC Consulting (Pvt) Limited and Lanka Industrial Estates Limited (subsidiaries) financial year ends on 31 March. Accordingly, each year the consolidated financial statements were prepared using financial information as at 31 December for the subsidiaries with December year end, adjusted for any significant transactions from 01 January to 31 March. As explained earlier, DFCC Bank PLC changed its financial year end to 31 December. Accordingly, the consolidated financial statements for period ended 31 December 2015 include the results of DFCC Bank and subsidiaries with year ending 31 March for the nine months to 31 December 2015, and results of 31 December financial year ending subsidiaries, associate and joint venture for 12 months to 31 December 2015.

### Note 3. 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 (SLFRSs and LKASs) 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.

### Note 4. Accounting policies

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

As per the provisions of Part III of the Finance Act, No. 10 of 2015 which was certified on 30 October 2015, the Bank is liable for super gain tax of LKR. 777 million (Group LKR 811 million). According to the Act, the Super Gain Tax shall be deemed to be an expenditure in the financial statements relating to the year of assessment which commenced on 1 April 2013.

The Act supersedes the requirements of the Sri Lanka Accounting Standards, hence the expense of Super Gain Tax is accounted in accordance with the requirements of the said Act as recommended by the Statement of Alternative Treatment (SoAT) on Accounting for Super Gain Tax issued by The Institute of Chartered Accountants of Sri Lanka, dated 24 November 2015. This SoAT supersedes paragraph 46 of LKAS 12 – ‘Income Taxes’.

As per the SoAT, Super Gain Tax expense is deemed to be an expenditure for the year ended 31 March 2014, it should be recorded as an adjustment to the opening retained earnings reported in statement of changes in the equity as at 1 April 2015.

### Note 5. 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 6. 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 7. Net (loss)/ gain from financial instruments at fair value through profit or loss

	Bank		Group	
	9 months ended 31 December 2015	Year ended 31 March 2015	9 months ended 31 December 2015	Year ended 31 March 2015
	LKR 000	LKR 000	LKR 000	LKR 000
Forward exchange fair value changes	(14,368)	81,577	60,545	96,819
Gain on CBSL Swap	14,038	574,935	14,038	574,935
Realised gain on gold put option	-	-	-	6,463
Total	(330)	656,512	74,583	678,217

**Note 8. Net Gain from Financial Investments**

	Bank		Group	
	9 months ended 31 December 2015	Year ended 31 March 2015	9 months ended 31 December 2015	Year ended 31 March 2015
	LKR 000	LKR 000	LKR 000	LKR 000
Gain on sale of securities	37,442	1,135,054	37,792	1,139,963
Dividend income	536,276	991,958	218,569	777,803
Net gain from repurchase transactions	66,919	23,415	251,167	283,304
	<b>640,637</b>	<b>2,150,427</b>	<b>507,528</b>	<b>2,201,070</b>

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

	Bank		Group	
	9 months ended 31 December 2015	Year ended 31 March 2015	9 months ended 31 December 2015	Year ended 31 March 2015
	LKR 000	LKR 000	LKR 000	LKR 000
Foreign exchange gain/(loss)	17,139	(500,677)	77,984	(465,807)
Amortisation of deferred income on Government grant-CBSL swap	(130,288)	(376,185)	(130,288)	(376,185)
Others	132,127	139,310	297,889	340,494
	<b>18,978</b>	<b>(737,552)</b>	<b>245,585</b>	<b>(501,498)</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 10. Loans to and Receivables from Other Customers**

	Bank		Group	
	31-12-2015	31-03-2015	31-12-2015	31-03-2015
As at	LKR 000	LKR 000	LKR 000	LKR 000
Gross loans and receivables (Note 10.1)	166,511,168	76,350,160	166,508,793	141,332,579
Less: Specific allowance for impairment (Note 10.2.1)	(4,240,756)	(1,932,635)	(4,240,756)	(4,001,868)
Collective allowance impairment (Note 10.2.2)	(1,924,882)	(968,820)	(1,924,882)	(2,007,988)
<b>Net loans and receivables</b>	<b>160,345,530</b>	<b>73,448,705</b>	<b>160,343,155</b>	<b>135,322,723</b>

**Note 10.1 Loans and Receivables to Other Customers - By product**

	Bank		Group	
	31-12-2015	31-03-2015	31-12-2015	31-03-2015
As at	LKR 000	LKR 000	LKR 000	LKR 000
By product-Domestic Currency				
Overdrafts	23,959,506	-	23,959,506	20,143,752
Trade finance	12,333,494	-	12,333,494	9,289,157
Credit cards	204,406	-	204,406	172,537
Pawning	1,532,181	-	1,532,181	1,720,937
Staff loans	1,241,687	583,621	1,241,687	1,028,735
Term loans	94,783,848	57,751,597	94,783,848	80,319,652
Lease rentals receivable	15,436,155	8,250,091	15,433,780	10,962,838
Commercial papers and asset back notes	1,934,126	2,385,756	1,934,126	2,385,756
Debenture loans	71,189	577,347	71,189	577,347
Preference shares	940,000	1,270,982	940,000	1,270,982
Securities purchased under resale agreements	-	-	-	753,683
	<b>152,436,592</b>	<b>70,819,394</b>	<b>152,434,217</b>	<b>128,625,376</b>
By product-Foreign Currency				
Overdrafts	313,448	-	313,448	283,075
Trade finance	6,409,216	-	6,409,216	6,027,978
Term loans	7,351,912	5,530,766	7,351,912	6,396,150
	<b>14,074,576</b>	<b>5,530,766</b>	<b>14,074,576</b>	<b>12,707,203</b>
Gross loans and receivables	<b>166,511,168</b>	<b>76,350,160</b>	<b>166,508,793</b>	<b>141,332,579</b>

**Note 10.2 Movement in Individual and Collective Impairment during the period for Loans and Receivable to Other Customers**

As at	Bank		Group	
	31-12-2015 LKR 000	31-03-2015 LKR 000	31-12-2015 LKR 000	31-03-2015 LKR 000
<b>10.2.1 Specific allowance for Impairment</b>				
Opening balance	1,932,635	1,486,838	4,001,868	3,794,550
Balances transferred on amalgamation	2,278,723	-	-	-
Charge to income statement	325,635	556,493	757,051	1,143,903
Write-off loans and receivables	(303,708)	(110,696)	(540,754)	(938,469)
Effect of foreign currency movement	7,471	-	22,591	1,884
Closing balance	<b>4,240,756</b>	1,932,635	<b>4,240,756</b>	4,001,868
<b>10.2.2 Collective allowance for Impairment</b>				
Opening balance	968,820	1,905,442	2,007,988	3,097,218
Balances transferred on amalgamation	1,114,051	-	-	-
(Write back) / charge to income statement	(104,907)	(887,547)	23,483	(957,842)
Write-off loans and receivables	(37,836)	(32,059)	(91,707)	(114,319)
Effect of foreign currency movement	791	-	1,155	(53)
Transfers to dues on terminated leases	(16,037)	(17,016)	(16,037)	(17,016)
Closing balance	<b>1,924,882</b>	968,820	<b>1,924,882</b>	2,007,988
Total Individual and Collective impairment	<b>6,165,638</b>	2,901,455	<b>6,165,638</b>	6,009,856

**Note 11. Due to Other Customers - By product**

As at	Bank		Group	
	31-12-2015 LKR 000	31-03-2015 LKR 000	31-12-2015 LKR 000	31-03-2015 LKR 000
By product-Domestic Currency				
Demand deposits (current accounts)	3,426,472	-	3,426,472	3,187,948
Savings deposits	16,160,783	-	16,123,950	14,544,344
Fixed deposits	79,529,651	22,484,652	79,231,401	65,679,717
Margin deposits	682,355	-	682,355	219,472
Certificate of deposits	257,280	-	257,280	546,523
	<b>100,056,541</b>	<b>22,484,652</b>	<b>99,721,458</b>	<b>84,178,004</b>
By product- Foreign Currency				
Demand deposits (current accounts)	279,057	-	279,057	417,516
Savings deposits	1,213,564	-	1,213,564	1,105,905
Fixed deposits	9,324,798	-	9,320,416	7,002,885
Margin deposits	16,725	-	16,725	7,483
	<b>10,834,144</b>	<b>-</b>	<b>10,829,762</b>	<b>8,533,789</b>
<b>Total</b>	<b>110,890,685</b>	<b>22,484,652</b>	<b>110,551,220</b>	<b>92,711,793</b>

**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 November 2015.

	Bank		Group	
	31-12-2015 LKR 000	31-03-2015 LKR 000	31-12-2015 LKR 000	31-03-2015 LKR 000
<b>12.1 Government Grant- Receivable</b>				
Fair value at the Beginning of the period	483,727	276,878	483,727	276,878
Change in fair value on renewal of contract	41,993	(368,086)	41,993	(368,086)
Change in fair value during the period	14,038	574,935	14,038	574,935
<b>Fair value at the end of period</b>	<b>539,758</b>	<b>483,727</b>	<b>539,758</b>	<b>483,727</b>
<b>12.2 Government Grant - Deferred Income</b>				
Fair value at the Beginning of the period	303,727	295,628	303,727	295,628
Change in fair value on renewal of contract	41,993	(368,086)	41,993	(368,086)
Change in fair value during the period	14,038	574,935	14,038	574,935
Foreign exchange gain /(loss) on revaluation	116,250	(198,750)	116,250	(198,750)
Amortisation of deferred income on Government grant- CBSL swap	130,288	376,185	130,288	376,185
<b>Fair value at the end of period</b>	<b>476,008</b>	<b>303,727</b>	<b>476,008</b>	<b>303,727</b>

**Note 13. Events occurring after the reporting period****13.1. First and Final Dividend**

The Directors have approved the payment of a first and final dividend of LKR 2.50 per share for the nine months ended 31 December 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 and have obtained the certificate from the Auditors. The dividend exceeds the minimum distribution mandated by the Inland Revenue Act No. 10 of 2006 and therefore the 15% deemed dividend tax, will not be imposed on the Bank.

**13.2 Tax Assessment**

The Department of Inland Revenue has raised an assessment for LKR 760 million with respect to year of assessment 2010/11 relating to gain on sale of listed shares. The Bank has successfully appealed against this assessment to the Tax Appeal Commission. The Bank is of the view that there is no liability for further payment of tax with regard to this assessment as at the reporting date.

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

**Note 14. Disclosures under Appendix 7B of the Listing Rules****14.1 Bank has not incurred management fees or any other similar expenditure****14.2 Stated capital**

	<b>Number of shares</b>
Number of shares of the Bank on 31 December 2015	<b><u>265,097,688</u></b>
(No change from 31 March 2015)	

#### 14.3 Twenty Major Shareholders as at 31.12.2015

	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	20,296,700	7.66
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 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	Employees Trust Fund Board	3,599,793	1.36
15	HSBC Intl. Nominees Ltd-BP2S Luxembourg-Aberdeen Global Frontier Markets Equity Fund	2,284,584	0.86
16	Cargo Boat Development Company PLC	2,098,200	0.79
17	Mrs. L E M Yaseen	2,000,000	0.75
18	HSBC Intl Nominees Ltd-BP2S-London - Aberdeen New Dawn Investment Trust XCC6	1,800,000	0.68
19	Akbar Brothers Pvt Limited A/c No. 1	1,221,269	0.46
20	Renuka Consultants & Services Limited	1,097,992	0.41

14.4 Public holding % and number of public share holders as at 31.12.2015 is 63.34% and 8,622 respectively.

#### 14.5 Directors' Interests in Shares

	No of Shares As at 31.12.2015
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
A W Atukorala	14,500
V J Senaratne	1,296
L H A L Silva	3,476
L N De Silva Wijeyeratne	Nil
A N Fonseka	117,342

#### 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, unless indicated as audited.

C R Jansz  
Chairman

A R Fernando  
Director & Chief Executive

D S J Wettasinghe  
Chief Financial Officer

24.02.2016

## Listed Debentures

Debenture Category	Interest Payable Frequency	Applicable Interest Rate	Interest rate of Comparative Government Securites (Gross) p.a.	Balance as at 31-12-2015	Market price			Yield
					LKR 000	Highest	Lowest	Last Traded
				Fixed Rate				
2014/2017	Annually	8.50	8.93%	3,925,087	100.34	100.34	100.34	8.30
2014/2017	Semi-annually	8.30	8.93%	897,238	100.04	100.04	100.04	8.30
2014/2017	Quarterly	8.24	8.93%	300,213	N/T	N/T	N/T	N/T
2015/2020	Annually	9.10	10.36%	3,136,376	N/T	N/T	N/T	N/T
2006/2016	Annually	14.00	7.86%	672,600	N/T	N/T	N/T	N/T
2015/2020	Annually	9.40	10.36%	2,094,193	101.44	101.44	101.44	9.00
2011/2016	Semi-annully	11.50	7.86%	833,584	N/T	N/T	N/T	N/T
2011/2016	Semi-annully	9.40	7.86%	166,704	N/T	N/T	N/T	N/T

N/T -Not traded

## Other Ratios

	31.12.2015	31.03.2015
Debt to equity ratio (%)	2.04	1.05
Interest cover (times)	0.98	1.38
Liquid asset ratio (%)	22.5	47.6



**Business Segment Information**  
For the period ended

For the period ended	Banking		Finance leasing		Investing in equity		Other		Unallocated		Eliminations		Total	
	31.12.2015	31.03.2015	31.12.2015	31.03.2015	31.12.2015	31.03.2015	31.12.2015	31.03.2015	31.12.2015	31.03.2015	31.12.2015	31.03.2015	31.12.2015	31.03.2015
	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	13,948,157	14,966,126	1,383,604	1,184,139	-	-	23,658	32,536	-	-	(46,851)	(84,134)	15,308,568	16,098,667
Net fees and commission income	1,071,067	1,039,607	-	-	-	-	247,363	248,689	-	-	(177,315)	(168,332)	1,141,115	1,119,964
Net loss from trading	215,575	333,309	-	-	-	-	-	0	-	146,679	-	-	215,575	479,988
Net gain from financial instruments at fair value through profit and loss	74,583	21,705	-	-	-	-	-	-	-	656,512	-	-	74,583	678,217
Net gain/(loss) from financial investments	184,890	138,224	-	-	412,362	2,127,011	-	-	-	23,416	(89,724)	(87,581)	507,528	2,201,070
Other income	71,519	12,010	-	-	-	-	172,292	219,708	18,978	(703,208)	(17,204)	(30,008)	245,585	(501,498)
<b>Total Income</b>	<b>15,565,791</b>	<b>16,510,981</b>	<b>1,383,604</b>	<b>1,184,139</b>	<b>412,362</b>	<b>2,127,011</b>	<b>443,313</b>	<b>500,933</b>	<b>18,978</b>	<b>123,399</b>	<b>(331,094)</b>	<b>(370,055)</b>	<b>17,492,954</b>	<b>20,076,408</b>
Percentage**	89	82	8	6	2	11	3	2	0	1	(2)	(2)	100	100
<b>Expenses</b>														
Segment losses	797,597	245,193	(589)	12,363	-	-	-	-	-	-	(1,681)	(11,000)	795,327	246,556
Depreciation	-	-	-	-	-	-	26,555	31,426	-	-	-	-	26,555	31,426
Other operating & interest expenses	12,266,942	11,324,857	664,425	505,454	-	-	305,470	306,599	-	-	(241,370)	(282,474)	12,995,467	11,854,436
Inter segment expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	13,064,539	11,570,050	663,836	517,817	-	0	332,025	338,025	-	-	(243,051)	(293,474)	13,817,349	12,132,418
<b>Result</b>	<b>2,501,252</b>	<b>4,940,931</b>	<b>719,768</b>	<b>666,322</b>	<b>412,362</b>	<b>2,127,011</b>	<b>111,288</b>	<b>162,908</b>	<b>18,978</b>	<b>123,399</b>	<b>(88,043)</b>	<b>(76,581)</b>	<b>3,675,605</b>	<b>7,943,990</b>
Unallocated expenses													611,498	1,797,218
value added tax and Nation building tax on financial services													589,330	884,072
													<b>2,474,777</b>	<b>5,262,700</b>
Share of profits of associates and joint venture													78,693	153,270
<b>Profit before tax</b>													<b>2,553,470</b>	<b>5,415,970</b>
Income tax on profit on ordinary activities													911,842	977,358
<b>Profit after tax</b>													<b>1,641,628</b>	<b>4,438,612</b>
<b>Other comprehensive income net of tax</b>													<b>(3,358,430)</b>	<b>4,854,824</b>
<b>Total comprehensive income</b>													<b>(1,716,802)</b>	<b>9,293,436</b>
Total comprehensive income - non-controlling interests													48,666	75,930
<b>Profit attributable to equity holders of the Bank</b>													<b>(1,765,468)</b>	<b>9,217,506</b>
<b>Assets</b>	<b>197,078,172</b>	<b>169,907,680</b>	<b>15,436,155</b>	<b>10,966,528</b>	<b>19,399,277</b>	<b>23,664,438</b>	<b>733,285</b>	<b>783,076</b>	<b>13,706,000</b>	<b>5,051,461</b>	<b>(492,086)</b>	<b>(950,869)</b>	<b>245,860,803</b>	<b>209,422,314</b>
Percentage**	80	81	6	5	8	11		0	6	2		0	100	100
Investments in associate and joint venture company													1,247,799	1,187,985
													<b>247,108,602</b>	<b>210,610,299</b>
<b>Liabilities</b>	<b>177,370,355</b>	<b>150,590,868</b>	<b>13,892,540</b>	<b>7,425,082</b>	<b>0</b>	<b>164,792</b>	<b>151,038</b>	<b>12,072,021</b>	<b>4,801,205</b>	<b>(359,231)</b>	<b>(620,647)</b>	<b>203,140,477</b>	<b>162,347,546</b>	
Capital expenditure - additions	-	-	-	-	-	-	13,528	42,446	295,536	189,647			309,064	232,093

\* Period results for the period ended 31 December 2015 included results for nine months

\*\* Net of eliminations.

## Amalgamation of DFCC Vardhana Bank PLC with DFCC Bank PLC

DFCC Vardhana Bank PLC, which was a subsidiary of the Group was amalgamated with DFCC Bank PLC on 1 October 2015. Accordingly, 1 October 2015 the book values of DFCC Vardhana Bank PLC, was amalgamated with that of the DFCC Bank PLC and the investment in subsidiary of LKR 5,945 million recorded in DFCC Bank PLC (including balance payment to minority shareholders amounting to 122 million), was set off against the equity of DFCC Vardhana Bank PLC.

The following restated statements were prepared as if the amalgamation has taken place prior to 1 April 2014.

Accordingly, the comparative figures of the income statement includes results of DFCC Vardhana Bank PLC and DFCC Bank PLC for the 12 months ended 31 March 2015. Current year results include, results of DFCC Vardhana Bank PLC and DFCC Bank PLC (pre-amalgamation) from 1 April 2015 to 30 September 2015, and the results of the amalgamated entity from 1 October 2015 to 31 December 2015.

The restated statement of financial position, as at 31 March 2015 includes balances of DFCC Vardhana Bank PLC as at 31 March 2015.

### Income Statement - Restated

For the period ended	Bank	
	9 months ended 31 December 2015 LKR 000	Year ended 31 March 2015 LKR 000
<b>Income</b>	<b>14,961,213</b>	<b>19,814,303</b>
Interest income	13,327,464	15,882,931
Interest expenses	7,942,410	8,953,743
<b>Net interest income</b>	<b>5,385,054</b>	<b>6,929,188</b>
Fee and commission income	850,390	1,112,650
Fee and commission expenses	7,783	15,265
<b>Net fee and commission income</b>	<b>842,607</b>	<b>1,097,385</b>
Net gain from trading	172,238	496,090
Net gain from financial instruments at fair value through profit or loss	136,194	625,145
Net gain from financial investments	525,306	2,312,023
Other operating loss - (net)	(50,379)	(614,536)
<b>Total operating income</b>	<b>7,011,020</b>	<b>10,845,295</b>
Impairment charge for loans and other losses	663,938	112,467
<b>Net operating income</b>	<b>6,347,082</b>	<b>10,732,828</b>
Operating expenses		
Personnel expenses	2,042,871	2,142,723
Other expenses	1,840,463	2,075,443
Operating profit before value added tax and nation building tax on financial services	2,463,748	6,514,662
Value added tax and nation building tax on financial services	501,982	939,691
<b>Operating profit after value added tax and nation building tax on financial services</b>	<b>1,961,766</b>	<b>5,574,971</b>
Share of profits of associate and joint venture	-	-
<b>Profit before tax</b>	<b>1,961,766</b>	<b>5,574,971</b>
Tax expense	722,673	1,073,732
<b>Profit for the period</b>	<b>1,239,093</b>	<b>4,501,239</b>

# Statement of Financial Position - Restated

As at	Bank 31.12.2015 LKR 000
<b>Assets</b>	
Cash and cash equivalents	3,177,949
Balances with Central Bank of Sri Lanka	3,049,109
Placements with banks	662,118
Derivative assets held- for- risk management	29,335
Other financial assets held-for-trading	5,023,879
Loans to and receivables from banks	3,965,176
Loans to and receivables from other customers	138,458,074
Financial investments - available-for-sale	45,827,452
Financial investments - held-to-maturity	10,954,392
Investments in subsidiaries	134,536
Investments in associates	35,270
Investments in joint ventures	655,000
Due from subsidiaries	135,091
Property, plant and equipment	934,193
Intangible assets	276,703
Government grant receivable	483,727
Prepayments	26,342
Other assets	2,090,310
<b>Total assets</b>	<b>215,918,656</b>
<b>Liabilities</b>	
Due to banks	8,081,266
Derivative liabilities held- for- risk management	38,239
Due to other customers	91,782,545
Other borrowing	43,609,813
Debt securities issued	19,445,924
Current tax liability	290,321
Deferred tax liability	627,422
Government grant- deferred income	303,727
Other liabilities	2,855,446
Due to subsidiaries	31
Subordinated term debt	1,636,218
<b>Total liabilities</b>	<b>168,670,952</b>
<b>Equity</b>	
Stated capital	4,715,814
Statutory reserve	1,736,241
Retained earnings	9,534,530
Other reserves	31,261,119
<b>Total equity</b>	<b>47,247,704</b>
<b>Total equity and liabilities</b>	<b>215,918,656</b>
<b>Contingent liabilities and commitments</b>	<b>74,730,756</b>
<b>Net asset value per share, LKR</b>	<b>178.23</b>

**Composition of Assets and Liabilities in the Investments in DFCC Vardhana Bank PLC on the date of amalgamation (as at 01 October 2015)**

	LKR 000
<b>Assets</b>	
Cash and cash equivalents	3,324,005
Balances with Central Bank of Sri Lanka	3,245,064
Placements with banks	505,083
Derivative assets held for risk management	100,235
Other financial assets held-for-trading	1,602,425
Loans to and receivables from banks	4,256,610
Loans to and receivables from other customers	73,867,709
Financial investments - available-for-sale	18,279,341
Financial investments - held-to-maturity	11,740,405
Property, plant and equipment	624,220
Intangible assets	171,268
Other assets	1,542,739
<b>Total assets (A)</b>	<b>119,259,104</b>
<b>Liabilities</b>	
Due to banks	15,421,138
Due to other customers	74,656,723
Other borrowing	11,341,142
Debt securities issued	3,081,991
Current tax liability	72,460
Deferred tax liability	226,453
Other liabilities	2,110,985
Subordinated term debt	3,084,010
<b>Total liabilities (B)</b>	<b>109,994,902</b>
<b>Total equity (A-B)</b>	<b>9,264,202</b>
<b>Investments in DFCC Bank PLC in DVB (including Balance payment to NCI LKR 122 Mn)</b>	<b>(5,945,436)</b>
<b>Total Equity Balances transferred on amalgamation</b>	<b>3,318,766</b>