



## **Interim Financial Results for the nine months ended 30 September 2017**

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

### **DFCC Bank reports strong 3Q amidst successful expansion drive**

DFCC Bank continued to demonstrate positive momentum across business in the 3<sup>rd</sup> quarter of 2017 as a rapidly emerging full service commercial bank.

### **Financial Performance**

DFCC Bank recorded growth across all its income segments, with a 31% increase in operating income year-on-year. The Bank's net interest income rose by 32%, to LKR 8,228 Mn buoyed by improvements to the net interest margin from 3.3% in December 2016 to 3.6% by September 2017. In addition, the Bank's net fee and commission income grew by 17% to LKR 1,110 Mn complemented by the growth in business volumes.

The Bank augmented its total assets by LKR 32,568 Mn (11%) and reported a 31% growth in profit before tax of LKR 4,341 Mn and a 35% growth in profit after tax of LKR 3,418 Mn, despite a backdrop of higher taxes, volatile interest rates, tight margins and intensifying competition.

The Group closed nine months as at end September 2017, with a 24% year-on-year growth in profit before tax of LKR 4,377 Mn. Group profit after tax (PAT) for 3Q declined by Rs 525 Mn against the 3Q of 2016. This is mainly due to the Bank's higher impairment provision and increased cost due to expansion. However, over the 9 month period the Group recorded a consolidated PAT growth of 26% amounting to LKR 3,391 Mn.

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).

Anchoring growth firmly on a foundation of good governance, the DFCC Group and DFCC Bank maintained capital adequacy ratios well above minimum requirements under Basel III standards which came into effect from July 2017. As at 30 September 2017, the Group's Tier 1 capital adequacy ratio stood at 11.83% and the total capital adequacy ratio at 15.49%. DFCC Bank recorded Tier 1 and total capital adequacy ratios of 11.37% and 15.04% respectively, which is well over the minimum regulatory requirements of 7.25% and 11.25%.

DFCC Bank continued to penetrate the market by expanding its branch network to be more accessible to customers. During the nine months ended September 2017, the Bank opened twelve fully-fledged branches across the country.

This coupled together with extensive business promotions, new savings products, and investments in IT system modernisations have contributed towards expanding delivery channels and improving service deliverables. The results of these investments are already evidenced in the lending and deposit growth as at end September 2017. The rapid loan portfolio growth to LKR 202,676 Mn by end September 2017, was outshone by the 33% (LKR 46,657 Mn) year to date deposit growth, which swelled total deposits to LKR 187,171 Mn by end September 2017. The Bank's low cost deposits (CASA) increased by LKR 5 Bn during the 3<sup>rd</sup> quarter bringing the CASA ratio to 17% from 16% in June 2017. This growth in particular was an outcome from the various initiatives launched by the Bank during the year, to grow this segment of deposits.

DFCC Bank continues to enjoy medium to long term concessionary credit lines which has helped the Bank to maintain low cost of funds. When considering these funding lines and the low cost deposits, the ratio improves to 26.5% in September 2017.

Against this backdrop of asset growth, the Bank's return on assets (ROA) improved to 1.7% by September 2017 from 1.6% in December 2016, while the return on equity (ROE) increased by 17.5% to 8.7%, from 7.4% in December 2016.

Due to the prudent recovery processes implemented and close monitoring, the Bank has been able to reduce the NP ratio to 3.24% by September 2017 from 3.34% recorded in March 2017.

Due to investments in people, IT and branch expansion the Bank's operating expenses increased to LKR 4,190 Mn. Despite this increase, the Bank has been able to maintain a cost to income ratio of 44% (without the exceptional gain).

### **Operational Performance**

DFCC Bank focuses on closely engaging with its customer base to understand and deliver according to their changing needs. In line with this, during the Quarter, DFCC Bank re-launched its minor savings product, adding value to its Junior customer base and further strengthening the product's position as one of the leading minor savings products in the country. The product was re-launched with an exciting array of valuable gifts to provide the right inspiration for parents and children to save for the future.

In order to further drive this proposition, the Bank also conducted Vardhana Junior Seminars in 10 key locations across the country. Over 3000 students were coached in preparation for the Scholarship seminars held in collaboration with the Zonal Education Offices and these programmes proved to be significantly instrumental in adding value to all those who participated.

Upholding its commitment as a crucial partner for the exporter community in Sri Lanka, the Bank stepped forward to support the Colombo International Tea Convention held in August 2017, as a Strategic Partner. By partnering such a key event the Bank added value and growth opportunities for businesses in the Tea Industry.

DFCC Bank also continued its CSR efforts, pursuing its commitment to uplifting the standards of education in the country. DFCC Bank counts education as a key pillar in its corporate social

responsibility initiatives having actively supported education over the years through various initiatives. In keeping with this, the Bank conducted an English Education programme, “**Samata English**” as a pilot project in the Gampaha and Kalutara areas, targeting youth between the ages of 16-22. The main objective of this project was to teach Spoken English and equip students with the knowledge required to enter into the workforce. This project was completed and a graduation ceremony was held during the quarter to recognize the achievers of this programme. The Bank received very positive feedback from the participants who expressed that their ability to speak in English with confidence has significantly increased. As a result of the success of this project, the Bank now plans to extend it to other areas across the country in the near future.

DFCC Bank also believes that staff plays an important role as ambassadors of the Bank. Therefore, during the quarter, in order to further reinforce the Bank’s vision, mission and values and engage with the Bank’s growing workforce, an internal campaign was launched updating the look and language of the values. The new concept introduced revolves around DFCCs people and accountability for living the values was deeply instilled through this initiative.

DFCCs future outlook is positive as the Bank’s growth drivers are delivering results. The Bank’s key focus areas are enhancing operational efficiencies, strategic investments, notably in technology, IT systems and solutions and increasing our penetration into markets across the country. Thus, our optimism is reinforced over our medium-term outlook and we are set to close the financial year 2017 with greater value creation.

**Lakshman Silva**  
**Chief Executive Officer**

**6 November 2017**

DFCC Bank PLC  
Income Statement

Notes	Bank						Group					
	For the nine months ended			For the quarter ended			For the nine months ended			For the quarter ended		
	30.09. 2017 LKR 000	30.09. 2016 LKR 000	Change %	30.09. 2017 LKR 000	30.09. 2016 LKR 000	Change %	30.09. 2017 LKR 000	30.09. 2016 LKR 000	Change %	30.09. 2017 LKR 000	30.09. 2016 LKR 000	Change %
<b>Income</b>	<b>26,363,099</b>	<b>18,879,742</b>	<b>40</b>	<b>8,914,986</b>	<b>6,858,061</b>	<b>30</b>	<b>26,387,609</b>	<b>19,064,896</b>	<b>38</b>	<b>8,726,560</b>	<b>6,890,332</b>	<b>27</b>
Interest income	23,952,684	16,990,759	41	8,734,746	6,358,375	37	23,960,134	16,999,858	41	8,735,084	6,361,441	37
Interest expense	15,725,121	10,759,350	46	5,810,020	3,958,084	47	15,689,827	10,737,702	46	5,795,525	3,948,979	47
<b>Net interest income</b>	<b>8,227,563</b>	<b>6,231,409</b>	<b>32</b>	<b>2,924,726</b>	<b>2,400,291</b>	<b>22</b>	<b>8,270,307</b>	<b>6,262,156</b>	<b>32</b>	<b>2,939,559</b>	<b>2,412,462</b>	<b>22</b>
Fee and commission income	1,110,111	950,540	17	411,267	350,623	17	1,109,945	950,540	17	411,267	350,078	17
Fee and commission expenses	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net fee and commission income</b>	<b>1,110,111</b>	<b>950,540</b>	<b>17</b>	<b>411,267</b>	<b>350,623</b>	<b>17</b>	<b>1,109,945</b>	<b>950,540</b>	<b>17</b>	<b>411,267</b>	<b>350,078</b>	<b>17</b>
Net gain / ( loss) from trading	232,934	315,816	(26)	82,656	125,934	(34)	232,934	315,816	(26)	82,656	125,934	(34)
Net loss from financial instruments at fair value through profit or loss	(899,852)	(272,443)	(230)	(836,781)	(66,780)	(1,153)	(899,852)	(272,443)	(230)	(836,781)	(66,780)	(1,153)
Net gain from financial investments	1,937,245	790,772	145	142,364	109,815	30	1,677,417	736,713	128	(110,686)	65,219	(270)
Other operating income / (loss)- net	29,977	104,297	(71)	380,734	(19,907)	(2,013)	307,031	334,413	(8)	445,020	54,441	717
<b>Total operating income</b>	<b>10,637,978</b>	<b>8,120,391</b>	<b>31</b>	<b>3,104,962</b>	<b>2,899,976</b>	<b>7</b>	<b>10,697,782</b>	<b>8,327,195</b>	<b>28</b>	<b>2,931,035</b>	<b>2,941,354</b>	<b>(0)</b>
Impairment for loans and other losses												
- Individual impairment	626,405	861,987	(27)	314,043	227,570	38	626,405	861,987	(27)	314,043	227,570	38
- Collective impairment	332,846	28,175	1,081	183,293	23,374	684	332,846	28,175	1,081	183,293	23,374	684
- Others	13,903	3,583	288	3,438	2,632	31	13,903	3,583	288	3,438	2,632	31
Investment - impairment losses	43,832	16,470	166	29,000	12,202	138	33,935	-	100	29,000	-	-
<b>Net operating income</b>	<b>9,620,992</b>	<b>7,210,176</b>	<b>33</b>	<b>2,575,192</b>	<b>2,634,198</b>	<b>(2)</b>	<b>9,690,693</b>	<b>7,433,450</b>	<b>30</b>	<b>2,401,261</b>	<b>2,687,778</b>	<b>(11)</b>
Operating expenses												
Personnel expenses	2,265,419	1,679,058	35	762,818	561,406	36	2,399,889	1,821,239	32	810,455	604,637	34
Depreciation and amortisation	261,171	248,935	5	87,915	82,818	6	296,282	277,337	7	87,915	94,559	(7)
Other expenses	1,663,635	1,367,992	22	555,626	473,900	17	1,667,223	1,339,187	24	539,034	465,433	16
Operating profit before value added tax and nation building Tax on financial services	5,430,767	3,914,191	39	1,168,832	1,516,074	(23)	5,327,298	3,995,687	33	963,856	1,523,149	(37)
Value added tax and nation building tax on financial services	1,089,894	610,180	79	273,572	195,233	40	1,089,894	610,180	79	273,572	195,233	40
<b>Operating profit after value added tax and nation building tax on financial services</b>	<b>4,340,873</b>	<b>3,304,011</b>	<b>31</b>	<b>895,258</b>	<b>1,320,841</b>	<b>(32)</b>	<b>4,237,404</b>	<b>3,385,507</b>	<b>25</b>	<b>690,285</b>	<b>1,327,916</b>	<b>(48)</b>
Share of profits of associate and joint venture	-	-	-	-	-	-	139,164	150,187	(7)	70,169	57,226	23
<b>Profit before tax</b>	<b>4,340,873</b>	<b>3,304,011</b>	<b>31</b>	<b>895,258</b>	<b>1,320,841</b>	<b>(32)</b>	<b>4,376,568</b>	<b>3,535,694</b>	<b>24</b>	<b>760,454</b>	<b>1,385,142</b>	<b>(45)</b>
Income Tax expense	922,429	777,230	19	292,046	393,599	(26)	985,540	843,262	17	313,492	413,231	(24)
<b>Profit for the period</b>	<b>3,418,444</b>	<b>2,526,781</b>	<b>35</b>	<b>603,213</b>	<b>927,242</b>	<b>(35)</b>	<b>3,391,028</b>	<b>2,692,432</b>	<b>26</b>	<b>446,962</b>	<b>971,911</b>	<b>(54)</b>
<b>Profit attributable to:</b>												
Equity holders of the Bank	3,418,444	2,526,781	35	603,213	927,242	(35)	3,337,384	2,655,838	26	427,401	953,786	(55)
Non-controlling interests	-	-	-	-	-	-	53,644	36,594	-	19,561	18,125	8
<b>Profit for the period</b>	<b>3,418,444</b>	<b>2,526,781</b>	<b>35</b>	<b>603,213</b>	<b>927,242</b>	<b>(35)</b>	<b>3,391,028</b>	<b>2,692,432</b>	<b>26</b>	<b>446,962</b>	<b>971,911</b>	<b>(54)</b>
Basic earnings per ordinary share (LKR)	12.90	9.53	35	2.28	3.50	(35)	12.59	10.02	26	5.84	3.60	62

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

	BANK						GROUP					
	For the nine months ended			For the quarter ended			For the nine months ended			For the quarter ended		
	30.09. 2017 LKR 000	30.09. 2016 LKR 000	Change %	30.09. 2017 LKR 000	30.09. 2016 LKR 000	Change %	30.09. 2017 LKR 000	30.09. 2016 LKR 000	Change %	30.09. 2017 LKR 000	30.09. 2016 LKR 000	Change %
<b>Profit for the period</b>	<b>3,418,444</b>	2,526,781	35	<b>603,213</b>	927,242	(35)	<b>3,391,028</b>	2,692,432	26	<b>446,962</b>	971,911	(54)
Other comprehensive income / (expenses) for the period, net of tax												
Items that are or may be re classified subsequently to income statement												
Available for sale financial assets:												
Net change in fair value of available-for-sale financial assets	567,677	310,557	(83)	379,259	3,253,651	(88)	567,677	310,557	83	379,259	3,253,651	(88)
Net amount transferred to income statement on disposal of available-for-sale financial assets	(1,188,907)	-	(100)	-	-	-	(987,323)	-	(100)	201,584	-	100
Tax expense relating to available-for-sale financial assets	(247,710)	(34,844)	(611)	(159,666)	(34,844)	(358)	(247,710)	(34,844)	(611)	(159,666)	(34,844)	(358)
Share of other comprehensive (expenses) / income of equity accounted joint venture and associates		-		-	-	-	(12,737)	(28,349)	55	1,183	13,531	(91)
Total other comprehensive (expenses) / income that are or may be re classified subsequently to income statement	(868,940)	275,713	(415)	219,592	3,218,807	(93)	(680,093)	247,364	(375)	422,360	3,232,338	(87)
Items that will not be reclassified to income statement												
Actuarial gains and losses on defined benefit plans	-	-		-	-		272	516	(47)	-	516	(100)
Tax expense relating to actuarial gains and losses on defined benefit plans	-	-		-	-		-	-		-	-	
Total other comprehensive (expenses) / income not to be reclassified to income statement	-	-		-	-		272	516	(47)	(153)	516	(70)
Other comprehensive (expenses) / income for the period, net of tax	(868,940)	275,713	(415)	219,592	3,218,807	(93)	(679,821)	247,880	(374)	422,360	3,232,854	(87)
Total comprehensive (expenses) / income for the period	2,549,504	2,802,494	(9)	822,806	4,146,049	(80)	2,711,207	2,940,312	(8)	869,321	4,204,765	(79)
Total comprehensive (expenses) / income attributable to:												
Equity holders of the Bank	2,549,504	2,802,494	(9)	822,806	4,146,049	(80)	2,657,433	2,903,466	(8)	849,760	4,186,388	(80)
Non-Controlling interests	-	-		-	-		53,775	36,846	46	19,561	18,377	6
Total comprehensive (expenses) / income for the period	2,549,504	2,802,494	(9)	822,806	4,146,049	(80)	2,711,208	2,940,312	(8)	869,321	4,204,765	(79)

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

As at	BANK			GROUP		
	30.09. 2017	31.12.2016	Change	30.09. 2017	31.12.2016	Change
Notes	LKR 000	(Audited) LKR 000	%	LKR 000	(Audited) LKR 000	%
<b>Assets</b>						
Cash and cash equivalents	3,932,576	4,330,934	(9)	3,920,149	4,344,260	(10)
Balances with Central Bank of Sri Lanka	10,648,093	8,062,567	32	10,648,093	8,062,567	32
Placements with banks	2,943,186	1,351,117	118	2,950,327	1,415,985	108
Derivative assets held for risk management	84,946	122,977	(31)	84,946	122,977	(31)
Other financial assets held-for-trading	1,002,272	-	100	1,002,272	-	100
Loans to and receivables from banks	10,860,550	12,300,398	(12)	10,860,550	12,300,398	(12)
Loans to and receivables from other customers	202,675,790	185,784,979	9	202,675,790	185,784,979	9
Financial investments - available-for-sale	60,365,823	49,272,243	23	60,365,823	49,272,243	23
Financial investments - held-to-maturity	24,136,791	23,189,085	4	24,136,791	23,189,085	4
Investments in subsidiaries	167,035	111,932	49	-	-	-
Investments in associate	35,270	35,270	0	65,185	64,873	0
Investments in joint venture	755,000	755,000	0	1,496,869	1,378,254	9
Due from subsidiaries	1,757	19,855	(91)	-	-	-
Investment Property	-	-	-	265,026	231,352	15
Property, plant and equipment	950,642	927,857	2	1,053,970	1,042,619	1
Intangible assets	262,599	203,742	29	267,830	208,382	29
Goodwill on consolidation	-	-	-	156,226	156,226	-
Government grant receivable	508,375	861,915	(41)	508,375	861,915	(41)
Deferred tax asset	-	-	-	589	628	(6)
Prepayments	77,765	53,803	45	77,765	53,803	45
Other assets	3,271,814	2,728,340	20	3,335,792	2,775,017	20
<b>Total assets</b>	<b>322,680,284</b>	<b>290,112,014</b>	<b>11</b>	<b>323,872,368</b>	<b>291,265,563</b>	<b>11</b>
<b>Liabilities</b>						
Due to banks	8,422,171	18,103,587	(53)	8,422,171	18,103,587	(53)
Derivative liabilities held- for- risk -management	613,953	105,741	481	613,953	105,741	481
Due to other customers	187,171,487	140,514,373	33	186,741,896	140,219,872	33
Other borrowing	38,720,343	40,802,490	(5)	38,720,343	40,787,444	(5)
Debt securities issued	24,525,700	29,179,185	(16)	24,525,700	29,179,185	(16)
Current tax liability	624,290	607,333	3	642,365	626,470	3
Deferred tax liability	1,078,572	851,662	27	1,117,804	873,912	28
Government grant - deferred Income	126,875	701,665	(82)	126,875	701,665	(82)
Other liabilities	4,371,195	4,190,675	4	4,568,404	4,352,331	0
Subordinated term debt	9,819,468	9,205,637	7	9,819,468	9,205,637	7
<b>Total liabilities</b>	<b>275,474,054</b>	<b>244,262,348</b>	<b>13</b>	<b>275,298,979</b>	<b>244,155,844</b>	<b>13</b>
<b>Equity</b>						
Stated capital	4,715,814	4,715,814	0	4,715,814	4,715,814	0
Statutory reserves	2,004,275	2,004,275	0	2,004,275	2,004,275	0
Retained earnings	13,025,755	10,800,251	21	16,375,595	14,231,009	15
Other reserves	27,460,386	28,329,326	(3)	25,218,629	25,898,721	(3)
<b>Total equity attributable to equity holders of the Bank</b>	<b>47,206,230</b>	<b>45,849,666</b>	<b>3</b>	<b>48,314,313</b>	<b>46,849,819</b>	<b>3</b>
<b>Non-controlling interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>259,076</b>	<b>259,900</b>	<b>(0)</b>
<b>Total equity</b>	<b>47,206,230</b>	<b>45,849,666</b>	<b>3</b>	<b>48,573,389</b>	<b>47,109,719</b>	<b>3</b>
<b>Total equity and liabilities</b>	<b>322,680,284</b>	<b>290,112,014</b>	<b>11</b>	<b>323,872,368</b>	<b>291,265,563</b>	<b>11</b>
<b>Contingent liabilities and commitments</b>	<b>128,653,467</b>	<b>101,452,101</b>	<b>27</b>	<b>128,653,467</b>	<b>101,452,101</b>	<b>27</b>
<b>Net assets value per share, LKR</b>	<b>178.07</b>	<b>172.95</b>	<b>3</b>	<b>182.25</b>	<b>176.73</b>	<b>3</b>

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

	30.09.2017	31.12.2016
- Highest price Rs.	130.00	132.40
- Lowest price Rs.	118.00	116.10
- Last traded price Rs.	119.00	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		-	-	-	2,526,781	2,526,781
Other comprehensive expenses net of tax		-	275,713	-	-	275,713
<b>Total comprehensive income/(expenses) for the period</b>		-	275,713	-	2,526,781	2,802,494
<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 30.09.2016</b>	4,715,814	1,834,275	14,516,370	13,779,839	10,067,463	44,958,761
<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					3,418,444	3,418,444
Other comprehensive expenses net of tax	-	-	(868,940)	-	-	(868,940)
<b>Total comprehensive (expenses) / income for the period</b>	-	-	(868,940)	-	3,418,444	2,549,504
<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 30.09.2017</b>	4,715,814	2,004,275	13,680,547	13,779,839	13,025,755	47,206,230

## DFCC Bank PLC

## Statement of Changes in Equity

Group	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				
<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	-	-	-	-	-	2,655,838	2,655,838	36,594	2,692,432
Other comprehensive (expenses) / income net of tax	-	-	239,023	8,605	-	-	247,628	252	247,880
Total comprehensive expenses) / income for the period	-	-	239,023	8,605	-	2,655,838	2,903,466	36,846	2,940,312
<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)
Dividend distributed to non-controlling interest by subsidiaries	-	-	-	-	-	-	-	(46,796)	(46,796)
<b>Total contributions from and distribution to equity holders</b>	-	-	-	-	-	(664,322)	(664,322)	(46,796)	(711,118)
<b>Balance as at 30.09.2016</b>	<b>4,715,814</b>	<b>1,834,275</b>	<b>12,096,678</b>	<b>30,515</b>	<b>13,779,839</b>	<b>13,497,722</b>	<b>45,954,843</b>	<b>242,476</b>	<b>46,197,319</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	-	-	-	-	-	3,337,386	3,337,386	53,644	3,391,030
Other comprehensive (expenses) / income net of tax	-	-	(664,977)	(15,115)	-	140	(679,952)	131	(679,820)
<b>Total comprehensive income for the period</b>			<b>(664,977)</b>	<b>(15,115)</b>	<b>-</b>	<b>3,337,525</b>	<b>2,657,434</b>	<b>53,776</b>	<b>2,711,209</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)
Dividend distributed to non-controlling interest by subsidiaries	-	-	-	-	-	-	-	(54,600)	-
<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 30.09.2017</b>	<b>4,715,814</b>	<b>2,004,275</b>	<b>11,420,477</b>	<b>18,313</b>	<b>13,779,839</b>	<b>16,375,595</b>	<b>48,314,313</b>	<b>259,076</b>	<b>48,627,988</b>



## Statement of Cash Flows

	Bank		Group	
<i>For the nine months ended 30 th September</i>	2017 LKR 000	2016 LKR 000	2017 LKR 000	2016 LKR 000
<b>Cash flows from operating activities</b>				
Interest Receipts	18,862,343	13,639,270	18,861,129	13,374,143
Interest payments	(13,371,777)	(9,450,688)	(13,336,483)	(9,429,407)
Recoveries on loans previously written off	31,180	18,835	31,180	18,835
Receipts from other operating activities	1,198,805	1,392,071	1,456,158	1,604,572
Cash payments to employees & suppliers	(4,265,579)	(3,546,647)	(4,464,013)	(3,648,700)
Value added tax and nation building tax on financial services	(1,013,690)	(513,168)	(1,013,690)	(513,168)
Other levies	(144,783)	(119,586)	(144,783)	(119,586)
Operating Cash flows before changes in operating assets and liabilities	1,296,499	1,420,087	1,389,498	1,286,689
<b>(Increase )/decrease in operating assets:</b>				
Deposits held for regulatory or monetary control purposes	(2,585,529)	(2,148,068)	(2,585,529)	(2,148,066)
Funds advanced to customers	(16,264,869)	(21,621,080)	(16,264,869)	(21,621,716)
Others	819,709	(535,983)	848,020	(509,751)
<b>Increase /(decrease ) in operating liabilities:</b>				
Deposits from customers	45,168,504	20,068,985	45,054,860	20,424,311
Negotiable certificates of deposits	(242,057)	37,465	(242,057)	37,465
Others	711,345	(913,774)	718,871	(913,140)
Net cash flows from/(used in) operating activities before income tax	28,903,602	(3,692,368)	28,918,794	(3,444,208)
Income tax paid	(926,272)	(539,019)	(967,122)	(573,732)
<b>Net cash flows from / (used in) in operating activities</b>	27,977,330	(4,231,387)	27,951,672	(4,017,940)
<b>Cash flows from investing activities</b>				
Dividends received	486,395	710,972	486,395	661,957
Interest received	4,402,477	2,182,212	4,439,090	2,209,808
Government Securities- net	(13,786,114)	(6,124,718)	(13,786,114)	(6,124,718)
Proceeds from sale and redemption of securities	2,328,163	433,060	2,328,163	433,060
Purchase of securities	(1,546,452)	(630,627)	(1,546,452)	(630,627)
Investment in Joint Venture	-	(100,000)	-	(100,000)
Investment in additional shares of subsidiaries - (Synapsys Ltd)	(65,000)	-	-	-
Purchase of property , equipment ,intangibles and investment property	(343,170)	(118,920)	(396,542)	(168,730)
Proceeds from sale of equipment and investment property	3,544	10,943	3,544	27,925
<b>Net cash flows used in investing activities</b>	(8,520,157)	(3,637,078)	(8,471,916)	(3,691,325)
<b>Cash flows from financing activities</b>				
Issue of debentures	-	5,315,450	-	5,315,450
Redemption of debentures	(4,982,705)	(2,096,000)	(4,982,705)	(2,096,000)
Borrowing , medium and long - term	6,002,317	3,441,816	6,002,317	3,441,816
Other borrowing (Net)	(15,684,618)	3,507,423	(15,684,618)	3,507,423
Repayment of borrowing ,medium and long - term	(2,438,732)	(2,612,976)	(2,438,732)	(2,615,074)
Dividends paid	(1,159,724)	(660,586)	(1,265,789)	(753,503)
<b>Net Cash flows (used in)/from financing activities</b>	(18,263,462)	6,895,127	(18,369,527)	6,800,112
Net increase / (decrease) in cash & cash equivalents	1,193,711	(973,338)	1,110,231	(909,155)
Cash & cash equivalents at the beginning of period	5,682,051	4,305,247	5,760,245	4,267,083
Cash & cash equivalents at the end of period	6,875,762	3,331,909	6,870,476	3,357,929
<b>Reconciliation of cash &amp; cash equivalents with items reported in the statement of financial position</b>				
Cash and cash equivalents	3,932,576	3,152,876	3,920,149	3,113,401
Placements with banks	2,943,186	179,033	2,950,327	244,528
	6,875,762	3,331,909	6,870,476	3,357,929

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

	Bank		Group	
	30.09.2017 LKR 000	30.09.2016 LKR 000	30.09.2017 LKR 000	30.09.2016 LKR 000
For the nine months ended 30th September				
Forward exchange fair value changes				
Contracts with commercial banks	(546,312)	(138,189)	(546,312)	(138,189)
Contract with CBSL	(353,540)	(134,254)	(353,540)	(134,254)
	<b>(899,852)</b>	<b>(272,443)</b>	<b>(899,852)</b>	<b>(272,443)</b>

### Note 6. Net Gain from Financial Investments

	Bank		Group	
	30.09.2017 LKR 000	30.09.2016 LKR 000	30.09.2017 LKR 000	30.09.2016 LKR 000
For the nine months ended 30th September				
Assets available for sale				
Gain on sale of securities ( Note 6.1)	1,122,014	10,333	920,429	10,333
Dividend income	673,415	649,001	615,172	594,942
Net gain from repurchase transactions	141,816	131,438	141,816	131,438
	<b>1,937,245</b>	<b>790,772</b>	<b>1,677,417</b>	<b>736,713</b>

#### Note 6.1

The gain on sale of securities includes the gain on sale of Commercial Bank of Ceylon PLC shares. The gain recorded in the Bank is LKR 1,073 Million and in the Group is LKR 871 Million.

The difference in the realized gain in the Group is lower than the Bank due to the equity accounted carrying value related to the disposal of Commercial Bank of Ceylon PLC shares which took place during the second quarter 2017 which has been adjusted in the 3rd quarter Financials.

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

	Bank		Group	
	30.09.2017 LKR 000	30.09.2016 LKR 000	30.09.2017 LKR 000	30.09.2016 LKR 000
For the nine months ended 30th September				
Foreign exchange (loss)/gain	(613,300)	(293,697)	(613,101)	(293,697)
Amortisation of deferred income on Government grant-CBSL swap	574,789	340,503	574,789	340,503
Others	68,488	57,491	345,343	287,607
	<b>29,977</b>	<b>104,297</b>	<b>307,031</b>	<b>334,413</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	
	30.09.2017 LKR 000	31.12.2016 LKR 000	30.09.2017 LKR 000	31.12.2016 LKR 000
Gross loans and receivables (Note 8.1)	210,208,496	192,454,529	210,208,496	192,454,529
Less: Allowance for individual impairment (Note 8.2.1)	(5,357,995)	(4,778,752)	(5,357,995)	(4,778,752)
Allowance for collective impairment (Note 8.2.2)	(2,174,711)	(1,890,798)	(2,174,711)	(1,890,798)
<b>Net loans and receivables</b>	<b>202,675,790</b>	<b>185,784,979</b>	<b>202,675,790</b>	<b>185,784,979</b>

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

As at	Bank		Group	
	30.09.2017 LKR 000	31.12.2016 LKR 000	30.09.2017 LKR 000	31.12.2016 LKR 000
By product-Domestic Currency				
Overdrafts	37,141,390	28,824,199	37,141,390	28,824,199
Trade finance	16,618,626	16,895,812	16,618,626	16,895,812
Credit cards	309,593	242,091	309,593	242,091
Pawning	2,360,471	2,109,667	2,360,471	2,109,667
Staff loans	1,520,869	1,397,579	1,520,869	1,397,579
Term loans	115,725,333	107,903,581	115,725,333	107,903,581
Lease rentals receivable	16,088,478	15,909,152	16,088,478	15,909,152
Commercial papers and asset back notes	1,325,359	962,763	1,325,359	962,763
Debenture loans	71,036	71,119	71,036	71,119
Preference shares	187,500	517,500	187,500	517,500
Securities purchased under resale agreements	250,582	1,007,220	250,582	1,007,220
	<b>191,599,236</b>	<b>175,840,683</b>	<b>191,599,236</b>	<b>175,840,683</b>
By product-Foreign Currency				
Overdrafts	268,496	291,021	268,496	291,021
Trade finance	8,452,936	7,831,178	8,452,936	7,831,178
Term loans	9,887,828	8,491,648	9,887,828	8,491,648
	<b>18,609,260</b>	<b>16,613,847</b>	<b>18,609,259</b>	<b>16,613,847</b>
Gross loans and receivables	<b>210,208,496</b>	<b>192,454,530</b>	<b>210,208,495</b>	<b>192,454,530</b>

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

As at	Bank		Group	
	30.09.2017 LKR 000	31.12.2016 LKR 000	30.09.2017 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	626,405	792,389	626,405	792,389
Write-off loans and receivables	(62,156)	(277,296)	(62,156)	(277,296)
Effect of foreign currency movement	14,994	22,903	14,994	22,903
Balance at end	<b>5,357,995</b>	<b>4,778,752</b>	<b>5,357,995</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	332,846	81,772	332,846	81,772
Write-off loans and receivables	(49,895)	(116,224)	(49,895)	(116,224)
Effect of foreign currency movement	1,285	3,712	1,285	3,712
Transfers to dues on terminated leases	(323)	(3,344)	(323)	(3,344)
Balance at end	<b>2,174,711</b>	<b>1,890,798</b>	<b>2,174,711</b>	<b>1,890,798</b>
Total Individual and Collective impairment	<b>7,532,706</b>	<b>6,669,550</b>	<b>7,532,706</b>	<b>6,669,550</b>

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

As at	Bank		Group	
	30.09.2017 LKR 000	31.12.2016 LKR 000	30.09.2017 LKR 000	31.12.2016 LKR 000
<b>By product-Domestic Currency</b>				
Demand deposits (current accounts)	3,723,094	4,056,706	3,722,433	4,056,051
Savings deposits	19,844,511	20,392,185	19,796,762	20,369,906
Fixed deposits	126,374,582	86,707,366	126,001,288	86,442,739
Other deposits	264,970	272,957	264,970	272,957
Certificate of deposits	493,891	739,483	493,891	739,483
	<b>150,701,048</b>	<b>112,168,697</b>	<b>150,279,344</b>	<b>111,881,136</b>
<b>By product- Foreign Currency</b>				
Demand deposits (current accounts)	301,303	592,663	301,303	592,663
Savings deposits	7,861,193	3,406,307	7,860,380	3,406,307
Fixed deposits	28,301,353	24,345,451	28,294,277	24,338,511
Other deposits	6,592	1,255	6,592	1,255
	<b>36,470,441</b>	<b>28,345,676</b>	<b>36,462,552</b>	<b>28,338,736</b>
<b>Total</b>	<b>187,171,487</b>	<b>140,514,373</b>	<b>186,741,896</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	
	30.09.2017 LKR 000	31.12.2016 LKR 000	30.09.2017 LKR 000	31.12.2016 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	(353,540)	(83,606)	(353,540)	(83,606)
<b>Fair value at end</b>	<b>508,375</b>	<b>861,915</b>	<b>508,375</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	(353,540)	(83,606)	(353,540)	(83,606)
Foreign exchange (loss)/gain on revaluation	(221,250)	(96,500)	(221,250)	(96,500)
Amortisation of deferred income on Government grant- CBSL swap	(574,789)	(180,106)	(574,789)	(180,106)
<b>Fair value at end</b>	<b>126,875</b>	<b>701,665</b>	<b>126,875</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 There is no management fees or similar expenditure provided for in the interim financial statements****12.2 Stated capital**

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

### 12.3 Twenty Major Shareholders as at 30.09.2017

	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	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	1,417,158	0.53
20	Renuka Consultants & Services Ltd	1,097,992	0.41

12.4 Public holding % and number of public share holders as at 30.09.2017 is 63.40% and 8,746 respectively.

### 12.5 Directors' Interests in Shares

	No of Shares As at 30.09.2017
C R Jansz	1,000
P M B Fernando	1,000
K D N R Asoka ( Resigned w.e.f 10th October 2017.)	Nil
T Dharmarajah	500
K.P Cooray	Nil
S.R Thambiyah	Nil
V J Senaratne	1,296
L H A L Silva	3,476
L N De Silva Wijeyeratne ( Resigned w.e.f. 28th October 2017).	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.

**Royle Jansz**  
Chairman

**Lakshman Silva**  
Director & Chief Executive

**Ashok Goonesekere**  
Chief Financial Officer

31-Oct-17

*Listed Debentures*

Debenture Category	Interest rate Frequency	Applicable Interest Rate %	Interest rate of Comparative Government Securities (Gross) p.a. %	Balance as at	Market price			Yield	
				30.09.2017 LKR 000	Highest	Lowest	Last Traded	Last Traded %	
<b>Fixed Rate</b>									
	2015/2020	Annually	9.1	9.85	3,082,002	N/T	N/T	N/T	N/A
	2015/2020	Annually	9.4	9.85	2,056,358	N/T	N/T	N/T	N/A
	2016/2019	Annually	10.63	9.52	5,610,604	N/T	N/T	N/T	N/A
	2016/2021	Annually	12.15	10.03	1,060,067	N/T	N/T	N/T	N/A
	2016/2023	Annually	12.75	10.15	6,725,467	100	100	100	12.71

N/T -Not traded

<b>Other Ratios (Bank)</b>	<b>30.09.2017</b>	<b>31.12.2016</b>
Debt to equity ratio (times)	<b>1.76</b>	2.12
Interest cover (times)	<b>1.02</b>	1.01

## SELECTED PERFORMANCE INDICATORS

	Bank		Group	
	30.09.2017	31.12.16	30.09.2017	31.12.16
<b>Regulatory Capital Adequacy ( Basel III) / (Basel II)</b>				
Core capital (Tier - 1 Capital) LKR 000	28,281,377	29,064,210*	29,468,165	31,327,840*
Total capital base LKR 000	37,398,704	36,475,370*	38,585,491	37,473,467*
Core capital ratio (Minimum requirement 5%)	11.37	13.62*	11.83	14.60*
Total capital ratio (Minimum requirement 10%)	15.04	17.09*	15.49	17.47*
* Based on Basel II classification.				
<b>Asset Quality</b>				
Non-performing loans and advances - Gross exposure % (Net of interest in suspense)	<b>3.24</b>	2.97	<b>3.24</b>	2.97
Non-performing loans and advances - Net exposure % (Net of interest in suspense and provisions)	<b>1.2</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>1.7</b>	1.6	<b>1.8</b>	1.7
Return on equity %	<b>8.7</b>	7.4	<b>8.6</b>	7.6
<b>Regulatory Liquidity</b>				
Statutory liquid assets LKR 000				
Domestic Banking Unit	<b>72,968,884</b>	50,695,653		
Off-Shore Banking Unit	<b>8,276,638</b>	8,564,256		
Statutory liquid assets ratio % (Minimum requirement 20%)				
Domestic Banking Unit	<b>29.90</b>	24.56		
Off-Shore Banking Unit	<b>76.78</b>	73.20		
Bank	<b>32.07</b>	27.20		

Business Segment Information

For the nine months ended 30th September	Banking		Financial Leasing		Investing in Equity		Other		Unallocated		Eliminations		Total	
	2017 LKR 000	2016 LKR 000	2017 LKR 000	2016 LKR 000	2017 LKR 000	2016 LKR 000	2017 LKR 000	2016 LKR 000	2017 LKR 000	2016 LKR 000	2017 LKR 000	2016 LKR 000	2017 LKR 000	2016 LKR 000
<b>Revenue</b>														
Interest income	22,423,450	15,690,196	1,529,234	1,300,564	-	-	42,744	30,747	-	-	(35,294)	(21,649)	23,960,134	16,999,857
Net fees and commission income	1,110,111	950,540	-	-	-	-	-	1,200	-	-	(166)	(1,200)	1,109,945	950,540
Net gain/(loss) from trading	232,934	315,816	-	-	-	-	-	-	-	-	-	-	232,934	315,816
Net gain/(loss) from financial instruments designated at fair value through PL	(899,852)	(272,443)	-	-	-	-	-	-	-	-	-	-	(899,852)	(272,443)
Net gain/(loss) from financial investments	141,817	194,431	-	-	1,795,428	596,341	-	-	-	-	(259,826)	(54,059)	1,677,419	736,713
Other Operating (loss) / income	29,977	104,297	-	-	-	-	375,483	356,305	-	-	(98,430)	(126,189)	307,030	334,413
<b>Total Income</b>	<b>23,038,437</b>	<b>16,982,837</b>	<b>1,529,234</b>	<b>1,300,564</b>	<b>1,795,428</b>	<b>596,341</b>	<b>418,227</b>	<b>388,252</b>	<b>-</b>	<b>-</b>	<b>(393,716)</b>	<b>(203,097)</b>	<b>26,387,610</b>	<b>19,064,896</b>
Percentage *	87	89	6	7	6	-	2	2	-	-	(1)	(1)	100	100
<b>Expense</b>														
Segment losses / Reversal of losses	919,392	924,674	53,762	(14,459)	43,832	-	-	-	-	-	(9,896)	(16,470)	1,007,091	893,745
Depreciation	-	-	-	-	-	-	35,111	22,669	-	-	-	-	35,111	22,669
Other operating & interest expenses	17,986,964	12,483,834	1,156,434	926,448	-	-	251,305	246,500	-	-	(98,596)	(149,036)	19,296,107	13,507,747
	<b>18,906,356</b>	<b>13,408,508</b>	<b>1,210,196</b>	<b>911,989</b>	<b>43,832</b>	<b>-</b>	<b>286,416</b>	<b>269,169</b>	<b>-</b>	<b>-</b>	<b>(108,492)</b>	<b>(165,506)</b>	<b>20,338,309</b>	<b>14,424,161</b>
<b>Result</b>	<b>4,132,081</b>	<b>3,574,329</b>	<b>319,038</b>	<b>388,575</b>	<b>1,751,596</b>	<b>596,341</b>	<b>131,811</b>	<b>119,083</b>	<b>-</b>	<b>-</b>	<b>(285,224)</b>	<b>(37,591)</b>	<b>6,049,301</b>	<b>4,640,736</b>
Unallocated expenses													722,003	645,048
Value Added Tax													1,089,894	610,180
Share of profits of associates & Joint venture													4,237,404	3,385,507
Profit before tax													139,164	150,187
Income tax on profit on ordinary activities													4,376,568	3,535,694
Profit after tax													985,540	843,262
Non controlling interests													3,391,028	2,692,432
Profit for the Equity Holders of the Bank													53,644	36,594
Profits for the year													3,337,384	2,655,838
Other Comprehensive Income net of tax													3,391,028	2,692,432
Total Comprehensive Income													(679,821)	247,880
Total Comprehensive Income - Non controlling interests													2,711,207	2,940,312
Profit for the Equity Holders of the Bank													53,775	36,846
													2,657,432	2,903,466
Assets	263,166,457	223,261,864	16,088,478	15,486,822	19,953,326	2,009,934	858,295	749,455	22,837,726	16,949,321	(593,968)	(487,827)	322,310,314	276,085,969
Percentage*	82	81	5	6	6	7	-	-	7	6	-	-	100	100
Investment in associate & Joint venture													1,562,054	1,457,560
													323,872,368	277,516,529
Liabilities	236,849,811	200,935,677	14,479,630	13,938,140	-	-	242,142	216,720	24,154,628	16,600,116	(427,233)	(371,443)	275,298,978	231,319,210

\* 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 September 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	-	-	-	3,932,576	-	3,932,576
Balances with Central Bank of Sri Lanka	-	-	-	10,648,093	-	10,648,093
Placements with banks	-	-	-	2,943,186	-	2,943,186
Derivative assets held-for-risk management	84,946	-	-	-	-	84,946
Other financial assets held for trading	1,002,272	-	-	-	-	1,002,272
Loans to and receivables from banks	-	-	-	10,860,550	-	10,860,550
Loans to and receivables from other customers	-	-	-	202,675,790	-	202,675,790
Financial investments	-	-	60,365,823	-	24,136,791	84,502,615
Due from subsidiaries	-	-	-	1,757	-	1,757
Government grant receivable	508,375	-	-	-	-	508,375
Other assets	-	-	-	3,271,814	-	3,271,814
	1,595,593	-	60,365,823	234,333,765	24,136,791	320,431,973
<b>Financial Liabilities</b>						
Due to banks	-	-	-	8,422,171	-	8,422,171
Derivative liabilities held-for-risk management	613,953	-	-	-	-	613,953
Due to other customers	-	-	-	187,171,487	-	187,171,487
Other borrowing	-	-	-	38,720,343	-	38,720,343
Debt securities issued	-	-	-	24,525,700	-	24,525,700
Subordinated term debt	-	-	-	9,819,468	-	9,819,468
Other liabilities	-	-	-	4,131,407	-	4,131,407
	613,953	-	-	272,790,576	-	273,404,529

	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>	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 September 2017</i>						
<b>25.3 Group</b>						
<b>Financial Assets</b>						
Cash and cash equivalents	-	-	-	3,920,149	-	3,920,149
Balances with Central Bank of Sri Lanka	-	-	-	10,648,093	-	10,648,093
Placements with banks	-	-	-	2,950,327	-	2,950,327
Derivative assets held-for-risk management	84,946	-	-	-	-	84,946
Other financial assets held for trading	1,002,272	-	-	-	-	1,002,272
Loans to and receivables from banks	-	-	-	10,860,550	-	10,860,550
Loans to and receivables from other customers	-	-	-	202,675,790	-	202,675,790
Financial investments	-	-	60,365,823	-	24,136,791	84,502,614
Government grant receivable	508,375	-	-	-	-	508,375
Other assets	-	-	-	3,335,792	-	3,335,792
	<b>1,595,593</b>	<b>-</b>	<b>60,365,823</b>	<b>234,390,701</b>	<b>24,136,791</b>	<b>320,488,908</b>

<b>Financial Liabilities</b>						
Due to banks	-	-	-	8,422,171	-	8,422,171
Derivative liabilities held-for-risk management	613,953	-	-	-	-	613,953
Due to other customers	-	-	-	186,741,896	-	186,741,896
Other borrowing	-	-	-	38,720,343	-	38,720,343
Debt securities issued	-	-	-	24,525,700	-	24,525,700
Subordinated term debt	-	-	-	9,819,468	-	9,819,468
Other liabilities	-	-	-	4,333,831	-	4,333,831
	<b>613,953</b>	<b>-</b>	<b>-</b>	<b>272,563,409</b>	<b>-</b>	<b>273,177,362</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
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*As at 31 December 2016*

**25.4 Group**

**Financial Assets**

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>

**Financial Liabilities**

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>