



## **Results for the Year ended 31 December 2016**

This commentary relates to the financial statements for the year ended 31 December 2016 presented in accordance with Sri Lanka Financial Reporting Standards (SLFRS) aligned with the International Financial Reporting Standards (IFRS).

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

Pursuant to the amalgamation with DFCC Vardhana Bank PLC (DVB) during 2015, DFCC changed its financial year end from 31 March to 31 December. Accordingly, the results for the year 2016 of DFCC relates to the period 01.01.2016 to 31.12.2016. The comparative results of the DFCC given in the Income statement include nine months results from 01.04.2015 to 31.12.2015..

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

In order to facilitate a meaningful comparison, comparative figures for 2015 (as if the amalgamation and financial year end change took place prior to 01 January 2015) were prepared and are given as a supplementary combined income statement.

### ***Overview of Financial Performance***

#### **Group**

The Group recorded a consolidated profit after tax of LKR 3,469 million in the current year. Major contributions for the group performance apart from DFCC Bank came from Acuity Partners (Pvt) Limited, Lindel and NAMAL.

The Group recorded a consolidated profit after tax of LKR 777 million in the 4<sup>th</sup> quarter of year 2016 a growth of 72% over the LKR 452 million in the comparable quarter of 2015. The total assets of the Group grew by 18% and stood at LKR 291,266 million as at 31 December 2016 compared to LKR 247,109 million as at 31 December 2015.

#### **Bank**

The current financial year under review is the first completed year of operation after the amalgamation of DFCC and DVB.

The improved operating metrics enabled the Bank to post a profit after tax of LKR 3,289 million in the current year, a growth of 60% from LKR 2,053 million over the comparable period as per the results reported in the supplementary combined income statement.

During the current quarter, net interest income increased by 48% to LKR 2,670 million from LKR 1,802 million in the comparable quarter while net fee and commission income grew by 25% to LKR 359 million from LKR 286 million in 4<sup>th</sup> quarter of 2015.

Net gain from trading in the comparable quarter of 2015 was LKR 92 million compared to LKR 25 million reported for the 4<sup>th</sup> quarter of 2016.

Total operating income grew by 32% during the quarter under review. A decline of 50% in impairment charge quarter to quarter helped to further improve the net operating income.

### ***Investments***

Listed shares, Investments in treasury bills and bonds are classified as available for sale and carried at fair value. The fair value changes that represent unrealized gains/losses of such investments are recognized in other comprehensive income. The fair value gain during the year ended 31<sup>st</sup> December 2016 was LKR 263 million as against a fair value loss of LKR 3,194 million for the nine months period ended 31<sup>st</sup> December 2015. This is mainly due to increase in share market movements compared to the previous period.

Total operating expenses increased by 11% in the final quarter of 2016 compared to the final quarter of 2015 mainly due to expansion of branch network and promotional expenses. Despite the above, the Bank was able to maintain almost flat growth in total operating expenses year on year due to close monitoring of expenses and because of the synergies realized from the amalgamation of the two entities. During the year under review, the Bank reported one of the industry's lowest Cost to Income ratio of 44.7%.

### ***Assets and liabilities***

The Bank's asset base grew by 18% during 2016. The main contribution was from Loans and advances receivables from other customers. Total liabilities of the Bank increased by 20% during the year due to an increase in customer deposits and total borrowings by 27% and 26% respectively.

During the year, the ratio of gross non-performing loans and advances (calculated using the CBSL guidelines) declined from 3.70% as at 31.12.2015 to 2.97% as at 31<sup>st</sup> December 2016.

CASA ratio in 2016 is at 20%, a slight improvement over 2015.

Shareholders' equity increased by 7% during the year, mainly due to the increase in retained earnings.

### ***Dividend Payout***

The Board of directors have approved a first and final dividend of LKR 4.50 per share for the year ended 31December 2016.

### ***Prudential Indicators***

The Bank consistently maintained a higher capital adequacy ratio compared to its peers.

As at 31 December 2016, the Group Tier 1 capital adequacy ratio was 14.60% and the total capital adequacy ratio was 17.47%. These ratios stand well above the regulatory stipulated levels. The regulatory capital computation excludes fair value changes on financial assets classified as available for sale.

***Annual General Meeting***

The Bank's 61<sup>st</sup> Annual General Meeting is scheduled to be held on 30 March 2017.

Arjun Fernando  
Chief Executive Officer

21 February 2017

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

		Bank				Group			
Notes	Year ended 31 December 2016 (Audited) LKR 000	9 months ended 31 December 2015 (Audited) LKR 000	Quarter ended 31 December 2016 LKR 000	Quarter ended 31 December 2015 LKR 000	Year ended 31 December 2016 (Audited) LKR 000	9 months ended 31 December 2015 (Audited) LKR 000	Quarter ended 31 December 2016 LKR 000	Quarter ended 31 December 2015 LKR 000	
<b>Income</b>	<b>26,753,895</b>	10,036,280	<b>7,874,153</b>	5,407,338	<b>26,980,083</b>	17,502,868	<b>7,915,187</b>	8,123,762	
Interest income	<b>24,194,158</b>	8,918,343	<b>7,203,399</b>	4,676,775	<b>24,206,112</b>	15,308,568	<b>7,206,254</b>	6,972,609	
Interest expense	<b>15,293,022</b>	5,560,354	<b>4,533,672</b>	2,875,055	<b>15,262,906</b>	8,923,243	<b>4,525,204</b>	4,127,032	
<b>Net interest income</b>	<b>8,901,136</b>	3,357,989	<b>2,669,727</b>	1,801,720	<b>8,943,206</b>	6,385,325	<b>2,681,050</b>	2,845,577	
Fee and commission income	<b>1,309,049</b>	400,066	<b>358,509</b>	287,694	<b>1,309,049</b>	1,179,505	<b>358,509</b>	579,337	
Fee and commission expenses	-	1,208	-	1,208	-	9,914	-	3,592	
<b>Net fee and commission income</b>	<b>1,309,049</b>	398,858	<b>358,509</b>	286,486	<b>1,309,049</b>	1,169,591	<b>358,509</b>	575,745	
Net gain from trading	<b>340,456</b>	87,062	<b>24,640</b>	91,894	<b>340,456</b>	215,575	<b>24,640</b>	82,157	
Net (loss) / gain from financial instruments at fair value through profit or loss	7 <b>(179,727)</b>	(330)	<b>92,716</b>	(446,645)	<b>(179,727)</b>	74,583	<b>92,716</b>	(310,913)	
Net gain from financial investments	8 <b>1,165,389</b>	640,637	<b>374,616</b>	267,853	<b>1,081,129</b>	507,528	<b>344,416</b>	283,333	
Other operating (loss) /income- net	9 <b>(75,430)</b>	(9,498)	<b>(179,727)</b>	529,767	<b>223,064</b>	217,109	<b>(111,348)</b>	517,239	
<b>Total operating income</b>	<b>11,460,873</b>	4,474,718	<b>3,340,481</b>	2,531,075	<b>11,717,177</b>	8,569,711	<b>3,389,983</b>	3,993,138	
Impairment for loans and other losses									
- Individual impairment	<b>792,389</b>	325,635	<b>(69,598)</b>	174,215	<b>792,389</b>	757,051	<b>(69,598)</b>	421,376	
- Collective impairment	<b>81,772</b>	(104,907)	<b>53,597</b>	(119,297)	<b>81,772</b>	23,483	<b>53,597</b>	(77,157)	
- Others	<b>8,254</b>	2,530	<b>4,671</b>	(530)	<b>8,254</b>	14,793	<b>4,671</b>	4,495	
Investment - impairment losses	<b>54,852</b>	1,681	<b>38,382</b>	-	<b>33,929</b>	-	<b>33,929</b>	-	
<b>Net operating income</b>	<b>10,523,606</b>	4,249,779	<b>3,313,429</b>	2,476,687	<b>10,800,833</b>	7,774,384	<b>3,367,384</b>	3,644,424	
Operating expenses									
Personnel expenses	<b>2,809,742</b>	1,248,261	<b>1,130,684</b>	914,855	<b>2,980,069</b>	2,629,739	<b>1,158,830</b>	1,499,023	
Depreciation and amortisation	<b>331,341</b>	157,319	<b>82,406</b>	86,048	<b>369,899</b>	349,392	<b>92,562</b>	152,006	
Other expenses	<b>1,982,883</b>	912,436	<b>614,891</b>	645,048	<b>1,951,738</b>	1,731,146	<b>612,551</b>	913,897	
Operating profit before value added tax and nation building Tax on financial services	<b>5,399,640</b>	1,931,763	<b>1,485,448</b>	830,736	<b>5,499,127</b>	3,064,107	<b>1,503,441</b>	1,079,498	
Value added tax and nation building tax on financial services	<b>986,110</b>	342,498	<b>375,930</b>	192,300	<b>986,110</b>	589,330	<b>375,930</b>	268,909	
<b>Operating profit after value added tax and nation building tax on financial services</b>	<b>4,413,530</b>	1,589,265	<b>1,109,518</b>	638,436	<b>4,513,017</b>	2,474,777	<b>1,127,511</b>	810,589	
Share of profits of associate and joint venture	-	-	-	-	<b>161,151</b>	78,693	<b>10,963</b>	36,938	
<b>Profit before tax</b>	<b>4,413,530</b>	1,589,265	<b>1,109,518</b>	638,436	<b>4,674,168</b>	2,553,470	<b>1,138,474</b>	847,527	
Tax expense	<b>1,124,807</b>	520,915	<b>347,576</b>	352,063	<b>1,205,094</b>	911,842	<b>361,832</b>	395,245	
<b>Profit for the period</b>	<b>3,288,723</b>	1,068,350	<b>761,942</b>	286,373	<b>3,469,074</b>	1,641,628	<b>776,642</b>	452,282	
<b>Profit attributable to:</b>									
Equity holders of the Bank	<b>3,288,723</b>	1,068,350	<b>761,942</b>	286,373	<b>3,414,980</b>	1,592,303	<b>759,141</b>	435,468	
Non-controlling interests	-	-	-	-	<b>54,094</b>	49,325	<b>17,500</b>	16,814	
<b>Profit for the period</b>	<b>3,288,723</b>	1,068,350	<b>761,942</b>	286,373	<b>3,469,074</b>	1,641,628	<b>776,642</b>	452,282	
Basic earnings per ordinary share (LKR)	<b>12.41</b>	4.03	<b>2.87</b>	1.08	<b>12.88</b>	6.01	<b>2.86</b>	1.64	

## DFCC Bank PLC

## Statement of Profit or Loss and Other Comprehensive Income

	BANK				GROUP			
	Year ended 31 December 2016 (Audited) LKR 000	9 months ended 31 December 2015 (Audited) LKR 000	Quarter ended 31 December 2016 LKR 000	Quarter ended 31 December 2015 LKR 000	Year ended 31 December 2016 (Audited) LKR 000	9 months ended 31 December 2015 (Audited) LKR 000	Quarter ended 31 December 2016 LKR 000	Quarter ended 31 December 2015 LKR 000
<b>Profit for the year / period</b>	<b>3,288,723</b>	1,068,350	<b>761,942</b>	<b>286,373</b>	<b>3,469,074</b>	1,641,628	<b>776,642</b>	452,282
<b>Other comprehensive income / (expense) for the year / period, net of tax</b>								
<b>Items that are or may be re classified subsequently to profit or loss</b>								
Available for sale financial assets:								
Net change in fair value of available-for-sale financial assets	<b>206,916</b>	(3,157,505)	<b>(103,441)</b>	(2,321,776)	<b>206,916</b>	(3,246,069)	<b>(103,441)</b>	(2,371,111)
Net amount transferred to income statement on disposal of available-for-sale financial assets	(8,533)	(36,682)	(8,533)	192	(8,533)	(56,933)	(8,533)	(6,018)
Tax expense relating to available-for-sale financial assets	<b>65,447</b>	(360)	<b>100,291</b>	548	<b>65,447</b>	30,108	<b>100,291</b>	20,515
Share of other comprehensive (expense)/income of equity accounted joint venture and associates					<b>(24,513)</b>	17,029	<b>3,836</b>	17,226
<b>Total other comprehensive income/ (expenses) that are or may be re classified subsequently to profit or loss</b>	<b>263,830</b>	(3,194,547)	<b>(11,883)</b>	2,321,036	<b>239,317</b>	(3,255,865)	<b>(7,847)</b>	(2,339,388)
<b>Items that will not be reclassified to income statement</b>								
Actuarial gains and losses on defined benefit plans	<b>137,764</b>	(102,755)	<b>137,764</b>	(102,755)	<b>140,509</b>	(104,118)	<b>139,993</b>	(104,118)
Tax expense relating to actuarial gains and losses on defined benefit plans	3,082	1,112	3,082	1,112	<b>2,844</b>	1,553	<b>2,844</b>	1,553
<b>Total other comprehensive income / ( expense) not to be reclassified to income statement</b>	<b>140,846</b>	(101,643)	<b>140,846</b>	(101,643)	<b>143,353</b>	(102,565)	<b>142,837</b>	(102,565)
Other comprehensive income / (expense) for the year/period, net of tax	404,676	(3,296,190)	128,963	(2,422,679)	<b>382,670</b>	(3,358,430)	<b>134,990</b>	(2,441,953)
<b>Total comprehensive income / (expense) for the year/period</b>	<b>3,693,399</b>	(2,227,840)	<b>890,905</b>	(2,136,306)	<b>3,851,744</b>	(1,716,802)	<b>911,632</b>	(1,989,671)
<b>Total comprehensive income / (expense) attributable to:</b>								
Equity holders of the Bank	<b>3,693,399</b>	(2,227,840)	<b>890,905</b>	(2,136,306)	<b>3,797,474</b>	(1,765,468)	<b>894,208</b>	(2,006,050)
Non-Controlling interest	-	-	-	-	<b>54,270</b>	48,666	<b>17,424</b>	16,379
<b>Total comprehensive income / (expense) for the year/period</b>	<b>3,693,399</b>	(2,227,840)	<b>890,905</b>	(2,136,306)	<b>3,851,744</b>	(1,716,802)	<b>911,632</b>	(1,989,671)

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

As at	Notes	BANK		GROUP	
		31.12.2016 (Audited) LKR 000	31.12.2015 (Audited) LKR 000	31.12.2016 (Audited) LKR 000	31.12.2015 (Audited) LKR 000
<b>Assets</b>					
Cash and cash equivalents		4,330,934	4,305,247	4,344,260	4,314,777
Balances with Central Bank of Sri Lanka		8,062,567	5,553,809	8,062,567	5,553,809
Placements with banks		1,351,117	-	1,415,985	1,718
Derivative assets held for risk management		122,977	198,776	122,977	198,776
Loans to and receivables from banks		12,300,398	4,574,319	12,300,398	4,602,263
Loans to and receivables from other customers	10	185,784,979	160,345,530	185,784,979	160,343,155
Financial investments - available-for-sale		49,272,243	48,957,015	49,272,243	48,957,015
Financial investments - held-to-maturity		23,189,085	17,903,885	23,189,085	17,903,885
Investments in subsidiaries		111,932	132,855	-	-
Investments in associate		35,270	35,270	64,873	66,980
Investments in joint venture		755,000	655,000	1,378,254	1,180,819
Due from subsidiaries		19,855	17,394	-	-
Investment Property		-	-	231,352	195,732
Property, plant and equipment		927,857	943,017	1,042,619	1,042,301
Intangible assets		203,742	247,115	208,382	247,945
Goodwill on consolidation		-	-	156,226	156,226
Government grant receivable	12.1	861,915	539,758	861,915	539,758
Deferred tax asset		-	-	628	1,536
Prepayments		53,803	36,708	53,803	36,708
Other assets		2,728,340	1,705,379	2,775,017	1,765,199
<b>Total assets</b>		<b>290,112,014</b>	<b>246,151,077</b>	<b>291,265,563</b>	<b>247,108,602</b>
<b>Liabilities</b>					
Due to banks		18,103,587	24,364,403	18,103,587	24,365,653
Derivative liabilities held- for- risk -management		105,741	85,333	105,741	85,333
Due to other customers	11	140,514,373	110,890,685	140,219,872	110,551,220
Other borrowing		40,802,490	35,955,297	40,787,444	35,955,297
Debt securities issued		29,179,185	23,292,660	29,179,185	23,292,660
Current tax liability		607,333	251,551	626,470	266,723
Deferred tax liability		851,662	880,490	873,912	880,490
Government grant - deferred Income	12.2	701,664	476,008	701,664	476,008
Other liabilities		4,190,675	3,368,558	4,352,331	3,500,012
Subordinated term debt		9,205,637	3,767,081	9,205,637	3,767,081
<b>Total liabilities</b>		<b>244,262,348</b>	<b>203,332,066</b>	<b>244,155,844</b>	<b>203,140,477</b>
<b>Equity</b>					
Stated capital	14	4,715,814	4,715,814	4,715,814	4,715,814
Statutory reserves		2,004,275	1,834,275	2,004,275	1,834,275
Retained earnings		10,800,251	8,203,426	14,231,009	11,506,206
Other reserves		28,329,326	28,065,496	25,898,721	25,659,404
<b>Total equity attributable to equity holders of the Bank</b>		<b>45,849,666</b>	<b>42,819,011</b>	<b>46,849,819</b>	<b>43,715,699</b>
<b>Non-controlling interests</b>		<b>-</b>	<b>-</b>	<b>259,900</b>	<b>252,426</b>
<b>Total equity</b>		<b>45,849,666</b>	<b>42,819,011</b>	<b>47,109,719</b>	<b>43,968,125</b>
<b>Total equity and liabilities</b>		<b>290,112,014</b>	<b>246,151,077</b>	<b>291,265,563</b>	<b>247,108,602</b>
<b>Contingent liabilities and commitments</b>		<b>101,452,101</b>	<b>76,014,851</b>	<b>101,452,101</b>	<b>76,014,851</b>
<b>Net asset value per share, LKR</b>		<b>172.95</b>	<b>161.52</b>	<b>176.73</b>	<b>164.90</b>

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

	31.12.2016	31.12.2015
- Highest price Rs.	130.00	183.00
- Lowest price Rs.	116.80	155.00
- Last traded price Rs.	122.50	168.10

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 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
<b>Total comprehensive income/(expense) for the period</b>						
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 income/(expense) 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>	4,715,814	1,834,275	14,285,657	13,779,839	8,203,426	42,819,011
Profit for the year					3,288,723	3,288,723
Other comprehensive income net of tax	-	-	263,830	-	140,846	404,677
<b>Total comprehensive income for the year</b>	-	-	<b>263,830</b>	-	<b>3,429,569</b>	<b>3,693,399</b>
Transfers	-	170,000	-	-	(170,000)	-
<b>Transactions with equity holders, recognised directly in equity</b>						
Final dividend approved on 30.03.2016	-	-	-	-	(662,744)	<b>(662,744)</b>
<b>Total contributions from and distribution to equity holders</b>	-	170,000	-	-	(662,744)	<b>(662,744)</b>
<b>Balance as at 31.12.2016</b>	4,715,814	2,004,275	14,549,487	13,779,839	10,800,251	45,849,666

Statement of Changes in Equity

Group	Attributable to the equity holders of the Bank								Total
	Stated Capital	Statutory reserves	Other reserves			Retained earnings	Total	Non- controlling interests	
		Reserve fund	Fair value reserve	Exchange equalisation reserve	General reserve				
		LKR 000	LKR 000	LKR 000	LKR 000				
<b>Balance as at 31.03.2015</b>	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)
<b>Adjusted balance as at 01.04.2015</b>	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 income/(expenses) net of tax	-	-	(3,255,206)	19,552	-	(122,117)	(3,357,771)	(659)	(3,358,430)
Total comprehensive income/(expenses) for the period	-	-	(3,255,206)	19,552	-	1,470,186	(1,765,468)	48,666	(1,716,802)
Transfers	-	289,275	-	-	-	(289,275)	-	-	-
<b>Transactions with equity holders, recognised directly in equity</b>									
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)
<b>Total contributions from and distribution to equity holders</b>	-	-	-	-	-	(1,632,999)	(1,632,999)	(133,459)	(1,766,458)
<b>Balance as at 31.12.2015</b>	<b>4,715,814</b>	<b>1,834,275</b>	<b>11,857,655</b>	<b>21,910</b>	<b>13,779,839</b>	<b>11,506,206</b>	<b>43,715,699</b>	<b>252,426</b>	<b>43,968,125</b>
Profit for the year	-	-	-	-	-	3,414,980	3,414,980	54,094	3,469,074
Other comprehensive income net of tax	-	-	227,799	11,518	-	143,177	382,494	176	382,670
<b>Total comprehensive income for the year</b>	-	-	<b>227,799</b>	<b>11,518</b>	-	<b>3,558,157</b>	<b>3,797,474</b>	<b>54,270</b>	<b>3,851,744</b>
Transfers	-	170,000	-	-	-	(170,000)	-	-	-
<b>Transactions with equity holders, recognised directly in equity</b>									
Change in holding through joint venture	-	-	-	-	-	(610)	(610)	-	(610)
Final dividend approved on 30.03.2016	-	-	-	-	-	(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>	-	-	-	-	-	<b>(663,354)</b>	<b>(663,354)</b>	<b>(46,796)</b>	<b>(710,150)</b>
<b>Balance as at 31.12.2016</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>



## Statement of Cash Flows

	Bank		Group	
	Year ended 31.12.2016 (Audited) LKR 000	09 months ended 31.12.2015 (Audited) LKR 000	Year ended 31.12.2016 (Audited) LKR 000	09 months ended 31.12.2015 (Audited) LKR 000
<b>Cash flow from operating activities</b>				
Interest Receipts	19,317,134	7,238,360	19,315,252	12,887,530
Interest payments	(13,071,125)	(5,375,259)	(13,039,859)	(8,432,834)
Recoveries on loans previously written off	24,499	23,267	24,499	31,463
Receipts from other operating activities	1,643,470	2,237,257	1,923,001	3,556,605
Cash payments to employees & suppliers	(4,657,702)	(1,790,725)	(4,802,292)	(3,669,959)
Value added tax and nation building on tax financial services	(798,410)	(327,844)	(798,410)	(589,020)
Other levies	(157,564)	(29,199)	(157,564)	(37,844)
Operating Cash flow before changes in operating assets and liabilities	2,300,302	1,975,857	2,464,627	3,745,941
<b>(Increase )/decrease in operating assets:</b>				
Deposits held for regulatory or monetary control purposes	(2,508,759)	(2,308,744)	(2,508,757)	(2,937,403)
Funds advanced to customers	(33,070,446)	(12,925,166)	(33,070,447)	(27,448,299)
Others	(339,086)	576,482	(330,443)	660,963
<b>Increase /(decrease ) in operating liabilities:</b>				
Deposits from customers	27,978,909	13,298,437	28,239,834	17,122,636
Negotiable certificates of deposit	32,898	18,055	32,898	143,675
Others	668,519	135,829	668,834	137,817
Net cash flow from/(used in) operating activities before income tax	(4,937,663)	770,750	(4,503,454)	(8,574,670)
Income tax paid	(649,287)	(951,490)	(694,286)	(1,248,318)
<b>Net cash flow used in operating activities</b>	<b>(5,586,950)</b>	<b>(180,740)</b>	<b>(5,197,740)</b>	<b>(9,822,988)</b>
<b>Cash flow from investing activities</b>				
Dividends received	688,785	563,704	604,526	284,255
Interest received	3,190,625	1,104,679	3,226,799	1,398,108
Government Securities- net	(4,102,903)	(4,818,751)	(4,102,903)	(9,002,938)
Proceeds from sale and redemption of securities	748,838	558,085	748,838	558,085
Purchase of securities	(778,566)	(2,496,929)	(778,566)	(2,214,741)
Investment in Joint Venture	(100,000)	-	(100,000)	-
Purchase of property , equipment ,intangibles and investment property	(277,384)	(118,534)	(370,960)	(318,201)
Proceeds from sale of equipment and investment property	10,647	2,810	10,654	2,873
<b>Net cash used in investing activities</b>	<b>(619,958)</b>	<b>(5,204,936)</b>	<b>(761,612)</b>	<b>(9,292,559)</b>
<b>Cash flow from financing activities</b>				
Payment to minority shareholders on amalgamation	-	(122,408)	-	(122,408)
Issue of debentures	12,315,450	-	12,315,450	-
Redemption of debentures	(2,096,000)	-	(2,096,000)	-
Borrowing , medium and long - term	4,484,011	3,318,581	4,484,011	3,315,727
Other borrowings (net)	(2,628,484)	7,094,903	(2,628,484)	20,167,940
Repayment of borrowing ,medium and long - term	(3,836,433)	(3,505,648)	(3,836,433)	(3,505,649)
Dividends paid	(654,832)	(1,572,012)	(835,442)	(1,628,735)
<b>Net Cash flow from/(used in) financing activities</b>	<b>7,583,712</b>	<b>5,213,416</b>	<b>7,403,102</b>	<b>18,226,875</b>
Net increase/(decrease) in cash & cash equivalents	1,376,804	(172,260)	1,443,750	(888,672)
Cash & cash equivalents at the beginning of period	4,305,247	498,619	4,316,495	5,205,167
Cash and cash equivalents of DFCC Vardhana Bank PLC as at the date of amalgamation	-	3,978,888	-	-
Cash & cash equivalents at the end of period	5,682,051	4,305,247	5,760,245	4,316,495
<b>Reconciliation of cash &amp; cash equivalents with items reported in the statement of financial position</b>				
Cash and cash equivalents	4,330,934	4,305,247	4,344,260	4,314,777
Placements with banks	1,351,117	-	1,415,985	1,718
	5,682,051	4,305,247	5,760,245	4,316,495

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 Standard.

## 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 (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.

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

### Note 2. Comparative Information of the Bank

DFCC Vardhana Bank PLC, which was a subsidiary of the Group was amalgamated with DFCC Bank PLC on 1st October 2015. The comparative information of the Bank for the period ended 31st December 2015 represents the results of the Bank for the period from 1.4.2015 to 30.09.2015 prior to the amalgamation with DFCC Vardhana Bank PLC and results of the combined entity for the period from 1.10.2015 to 31.12.2015. However, the combined income statement for the comparative period ( 1.1.2015 to 31.12.2015) has been prepared and presented to compare the business results as if both the amalgamation and the change of financial year took place prior to 1 January 2015 as given under "supplementary financial information"

### Note 3. Accounting policies

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

### Note 4. 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 a associate and joint venture are accounted under equity method in group's financial statements.

### Note 5. 31 March financial year company

This is Lanka Industrial Estates Ltd.

### Note 6. Change of Financial Year End

Current year results of the Bank and Group include the results for the year ended 31 December 2016. DFCC Bank PLC changed its financial year end to 31 December during last financial year. Accordingly the comparative Bank and the consolidated financial statements for the period ended 31 December 2015 include the results of the DFCC Bank PLC 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 company for 12 months to 31 December 2015.

### Note 7. Net (Loss)/Gain from Financial Instruments at Fair Value Through Profit or Loss

	Bank		Group	
	Year ended 31.12.2016	9 months ended 31.12.2015	Year ended 31.12.2016	9 months ended 31.12.2015
	LKR 000	LKR 000	LKR 000	LKR 000
Forward exchange fair value changes				
Contracts with commercial banks	(93,944)	(14,368)	(93,944)	60,545
Contract with CBSL	(83,606)	14,038	(83,606)	14,038
Interest rate swap fair value changes	(2,177)	-	(2,177)	-
	<b>(179,727)</b>	<b>(330)</b>	<b>(179,727)</b>	<b>74,583</b>

### Note 8. Net Gain from Financial Investments

	Bank		Group	
	Year ended 31.12.2016	9 months ended 31.12.2015	Year ended 31.12.2016	9 months ended 31.12.2015
	LKR 000	LKR 000	LKR 000	LKR 000
Assets available for sale				
Gain on sale of securities	156,388	37,442	156,388	37,792
Dividend income	856,306	536,276	772,046	218,569
Net gain from repurchase transactions	152,695	66,919	152,695	251,167
	<b>1,165,389</b>	<b>640,637</b>	<b>1,081,129</b>	<b>507,528</b>

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

	<b>Bank</b>		<b>Group</b>	
	<b>Year ended</b>	<b>9 months ended</b>	<b>Year ended</b>	<b>9 months ended</b>
	<b>31.12.2016</b>	<b>31.12.2015</b>	<b>31.12.2016</b>	<b>31.12.2015</b>
	<b>LKR 000</b>	<b>LKR 000</b>	<b>LKR 000</b>	<b>LKR 000</b>
Foreign exchange (loss)/gain	(330,157)	17,139	(330,154)	77,984
Amortisation of deferred income on Government grant-CBSL swap	180,106	(130,288)	180,106	(130,288)
Others	74,621	103,651	373,112	269,413
	<b>(75,430)</b>	<b>(9,498)</b>	<b>223,064</b>	<b>217,109</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**

	<b>Bank</b>		<b>Group</b>	
	<b>31.12.2016</b>	<b>31.12.2015</b>	<b>31.12.2016</b>	<b>31.12.2015</b>
	<b>LKR 000</b>	<b>LKR 000</b>	<b>LKR 000</b>	<b>LKR 000</b>
As at				
Gross loans and receivables (Note 10.1)	192,454,529	166,511,168	192,454,529	166,508,793
Less: Specific allowance for impairment (Note 10.2.1)	(4,778,752)	(4,240,756)	(4,778,752)	(4,240,756)
Collective allowance for impairment (Note 10.2.2)	(1,890,798)	(1,924,882)	(1,890,798)	(1,924,882)
<b>Net loans and receivables</b>	<b>185,784,979</b>	<b>160,345,530</b>	<b>185,784,979</b>	<b>160,343,155</b>

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

	<b>Bank</b>		<b>Group</b>	
	<b>31.12.2016</b>	<b>31.12.2015</b>	<b>31.12.2016</b>	<b>31.12.2015</b>
	<b>LKR 000</b>	<b>LKR 000</b>	<b>LKR 000</b>	<b>LKR 000</b>
As at				
By product-Domestic Currency				
Overdrafts	28,824,199	23,959,506	28,824,199	23,959,506
Trade finance	16,895,812	12,333,494	16,895,812	12,333,494
Credit cards	242,091	204,406	242,091	204,406
Pawning	2,109,667	1,532,181	2,109,667	1,532,181
Staff loans	1,397,579	1,241,687	1,397,579	1,241,687
Term loans	108,910,801	94,783,848	108,910,801	94,783,848
Lease rentals receivable	15,909,152	15,436,155	15,909,152	15,433,780
Commercial papers and asset back notes	962,763	1,934,126	962,763	1,934,126
Debenture loans	71,119	71,189	71,119	71,189
Preference shares	517,500	940,000	517,500	940,000
	<b>175,840,683</b>	<b>152,436,592</b>	<b>175,840,683</b>	<b>152,434,217</b>
By product-Foreign Currency				
Overdrafts	291,021	313,448	291,021	313,448
Trade finance	7,831,178	6,409,216	7,831,178	6,409,216
Term loans	8,491,648	7,351,912	8,491,648	7,351,912
	<b>16,613,847</b>	<b>14,074,576</b>	<b>16,613,847</b>	<b>14,074,576</b>
Gross loans and receivables	<b>192,454,530</b>	<b>166,511,168</b>	<b>192,454,530</b>	<b>166,508,793</b>

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

	<b>Bank</b>		<b>Group</b>	
	<b>31.12.2016</b>	<b>31.12.2015</b>	<b>31.12.2016</b>	<b>31.12.2015</b>
	<b>LKR 000</b>	<b>LKR 000</b>	<b>LKR 000</b>	<b>LKR 000</b>
As at				
<b>10.2.1 Specific allowance for Impairment</b>				
Opening balance	4,240,756	1,932,635	4,240,756	4,001,868
Balances transferred on amalgamation	-	2,278,723	-	-
Charge to income statement	792,389	325,635	792,389	757,051
Write-off loans and receivables	(277,296)	(303,708)	(277,296)	(540,754)
Effect of foreign currency movement	22,903	7,471	22,903	22,591
Closing balance	<b>4,778,752</b>	<b>4,240,756</b>	<b>4,778,752</b>	<b>4,240,756</b>
<b>10.2.2 Collective allowance for Impairment</b>				
Opening balance	1,924,882	968,820	1,924,882	2,007,988
Balances transferred on amalgamation	-	1,114,051	-	-
Charge / (Write back) to income statement	81,772	(104,907)	81,772	23,483
Write-off loans and receivables	(116,224)	(37,836)	(116,224)	(91,707)
Effect of foreign currency movement	3,712	791	3,712	1,155
Transfers to dues on terminated leases	(3,344)	(16,037)	(3,344)	(16,037)
Closing balance	<b>1,890,798</b>	<b>1,924,882</b>	<b>1,890,798</b>	<b>1,924,882</b>
Total Individual and Collective impairment	<b>6,669,550</b>	<b>6,165,638</b>	<b>6,669,550</b>	<b>6,165,638</b>

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

As at	Bank		Group	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	LKR 000	LKR 000	LKR 000	LKR 000
<b>By product-Domestic Currency</b>				
Demand deposits (current accounts)	4,056,706	3,426,472	4,056,051	3,426,472
Savings deposits	20,392,185	16,160,783	20,369,906	16,123,950
Fixed deposits	86,707,366	79,529,651	86,442,739	79,231,401
Other deposits	272,957	682,355	272,957	682,355
Certificate of deposits	739,483	257,280	739,483	257,280
	<b>112,168,697</b>	<b>100,056,541</b>	<b>111,881,136</b>	<b>99,721,458</b>
<b>By product- Foreign Currency</b>				
Demand deposits (current accounts)	592,663	279,057	592,663	279,057
Savings deposits	3,406,307	1,213,564	3,406,307	1,213,564
Fixed deposits	24,345,451	9,324,798	24,338,511	9,320,416
Other deposits	1,255	16,725	1,255	16,725
	<b>28,345,676</b>	<b>10,834,144</b>	<b>28,338,736</b>	<b>10,829,762</b>
<b>Total</b>	<b>140,514,373</b>	<b>110,890,685</b>	<b>140,219,872</b>	<b>110,551,220</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 2016.

	Bank		Group	
	31.12.2016	31-12-2015	31.12.2016	31-12-2015
	LKR 000	LKR 000	LKR 000	LKR 000
<b>12.1 Government Grant- Receivable</b>				
Fair value at beginning	539,758	483,727	539,758	483,727
Change in fair value on renewal of contract	405,763	41,993	405,763	41,993
Change in fair value during the period	(83,606)	14,038	(83,606)	14,038
<b>Fair value as at 31 December</b>	<b>861,915</b>	<b>539,758</b>	<b>861,915</b>	<b>539,758</b>
<b>12.2 Government Grant - Deferred Income</b>				
Fair value at beginning	476,008	303,727	476,008	303,727
Change in fair value on renewal of contract	405,763	41,993	405,763	41,993
Change in fair value during the period	(83,606)	14,038	(83,606)	14,038
Foreign exchange (loss)/gain on revaluation	(96,500)	116,250	(96,500)	116,250
Amortisation of deferred income on Government grant- CBSL swap	(180,106)	130,288	(180,106)	130,288
<b>Fair value as at 31 December</b>	<b>701,665</b>	<b>476,008</b>	<b>701,665</b>	<b>476,008</b>

**Note 13. Events occurring after the reporting period**

The Directors have approved the payment of a first and final dividend of LKR 4.50 per share for the year ended 31 December 2016. 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 has 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.

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**

	Number of shares
Number of shares of the Bank on 31st December 2016 (No change from 31 December 2015)	<u><b>265,097,688</b></u>

#### 14.3 Twenty Major Shareholders as at 31.12.2016

	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	Melstacorp Limited	22,175,280	8.36
6	Mr. M.A. Yaseen	20,296,700	7.66
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	Mrs. L E M Yaseen	2,000,000	0.75
17	HSBC Intl Nominees Ltd-BP2S-London - Aberdeen New Dawn Investment Trust XCC6	1,800,000	0.68
18	Anverally & Sons ( Pvt) Ltd A/C No 01	1,528,395	0.58
19	Crescent Launderers and Dry Cleaners PVT Limited	1,482,548	0.56
20	Akbar Brothers Pvt Ltd A/C No.01	1,255,747	0.47

14.4 Public holding % and number of public share holders as at 31.12.2016 is 63.36% and 8,761 respectively.

#### 14.5 Directors' Interests in Shares

	No of Shares
	As at
	31.12.2016
C R Jansz	1,000
A R Fernando	4,470
P M B Fernando	1,000
K D N R Asoka	Nil
T Dharmarajah	500
K.P Cooray	Nil
S.R Thambiayah	Nil
V J Senaratne	1,296
L H A L Silva	3,476
L N De Silva Wijeyeratne	Nil
H.A Ariyaratne	102,710

#### 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 audited financial statements of the Bank.

C R Jansz  
Chairman

A R Fernando  
Director & Chief Executive

Ashok Goonesekere  
Chief Financial Officer

20-Feb-17

## Listed Debentures

Debenture Category	Interest rate Frequency	Applicable Interest Rate %	Interest rate of Comparative Government Securities (Gross) p.a. %	Balance as at 31.12.2016 LKR 000	Market price			Yield Last Traded %
					Highest	Lowest	Last Traded	
<b>Fixed Rate</b>								
2014/2017	Annually	8.50	10.05	3,937,104	N/T	N/T	N/T	N/A
2014/2017	Semi-annually	8.33	10.05	899,979	N/T	N/T	N/T	N/A
2014/2017	Quarterly	8.24	10.05	301,149	N/T	N/T	N/T	N/A
2015/2020	Annually	9.1	12.05	3,131,330	N/T	N/T	N/T	N/A
2016/2019	Annually	10.63	11.55	5,745,558	N/T	N/T	N/T	N/A

N/T -Not traded

Other Ratios (Bank)	31.12.2016	31.12.2015
Debt to equity ratio (%)	2.12	2.04
Interest cover (times)	1.01	0.98
Liquid asset ratio (%)	27.2	22.5

Business Segment Information

For the year/period ended 31 December	Banking		Financial Leasing		Investing in Equity		Other		Unallocated		Eliminations		Total	
	2016 LKR 000	2015 LKR 000	2016 LKR 000	2015 LKR 000	2016 LKR 000	2015 LKR 000	2016 LKR 000	2015 LKR 000	2016 LKR 000	2015 LKR 000	2016 LKR 000	2015 LKR 000	2016 LKR 000	2015 LKR 000
<b>Revenue</b>														
Interest income	22,360,944	13,948,157	1,833,214	1,383,604	-	-	42,070	23,658	-	-	(30,116)	(46,851)	24,206,112	15,308,568
Net fees and commission income	1,309,049	1,099,543	-	-	-	-	-	247,363	-	-	-	(177,315)	1,309,049	1,169,591
Net gain/(loss) from trading	340,456	215,575	-	-	-	-	-	-	-	-	-	-	340,456	215,575
Net gain/(loss) from financial instruments designated at fair value through PL	(179,727)	74,583	-	-	-	-	-	-	-	-	-	-	(179,727)	74,583
Net gain/(loss) from financial investments	152,695	184,890	-	-	1,012,694	412,362	-	-	-	-	(84,260)	(89,724)	1,081,129	507,528
Other Operating (loss) / income	(125,552)	(20,846)	-	-	-	-	469,396	174,776	50,123	80,383	(170,902)	(17,204)	223,064	217,109
<b>Total income</b>	<b>23,857,864</b>	<b>15,501,902</b>	<b>1,833,214</b>	<b>1,383,604</b>	<b>1,012,694</b>	<b>412,362</b>	<b>511,466</b>	<b>445,797</b>	<b>100,246</b>	<b>80,383</b>	<b>(285,278)</b>	<b>(331,094)</b>	<b>26,980,082</b>	<b>17,492,954</b>
<b>Percentage *</b>	<b>88</b>	<b>89</b>	<b>7</b>	<b>8</b>	<b>4</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>(2)</b>	<b>100</b>	<b>100</b>
<b>Expense</b>														
Segment losses / Reversal of losses	882,415	797,597	-	(589)	54,852	-	-	-	-	-	20,923	(1,681)	916,344	795,327
Depreciation	-	-	-	-	-	-	38,254	26,555	-	-	-	-	38,254	26,555
Other operating & interest expenses	18,399,505	12,266,942	1,300,127	664,425	-	-	310,902	305,470	-	-	201,532	(241,370)	19,809,003	12,995,467
<b>Result</b>	<b>4,575,944</b>	<b>2,437,363</b>	<b>533,087</b>	<b>719,768</b>	<b>957,842</b>	<b>412,362</b>	<b>162,310</b>	<b>113,772</b>	<b>50,123</b>	<b>80,383</b>	<b>(62,823)</b>	<b>(88,043)</b>	<b>6,216,481</b>	<b>3,675,605</b>
Unallocated expenses													717,355	611,498
Value Added Tax													986,110	589,330
Share of profits of associates & Joint venture													4,513,017	2,474,777
<b>Profit before tax</b>													161,151	78,693
Income tax on profit on ordinary activities													4,674,168	2,553,470
<b>Profit after tax</b>													1,205,094	911,842
<b>Other Comprehensive Income net of tax</b>													3,469,074	1,641,628
<b>Total Comprehensive Income</b>													3,797,474	(3,358,430)
Total Comprehensive Income - Non controlling interests													54,270	48,666
<b>Profit for the Equity Holders of the Bank</b>													3,797,474	(1,765,468)
<b>Assets</b>	<b>236,081,684</b>	<b>192,316,048</b>	<b>15,909,152</b>	<b>13,154,271</b>	<b>20,018,918</b>	<b>28,247,970</b>	<b>790,936</b>	<b>739,496</b>	<b>17,367,961</b>	<b>7,193,018</b>	<b>(446,216)</b>	<b>(6,301,813)</b>	<b>289,722,436</b>	<b>245,860,803</b>
<b>Percentage*</b>	<b>81</b>	<b>82</b>	<b>6</b>	<b>6</b>	<b>7</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>3</b>	<b>-</b>	<b>(3)</b>	<b>100</b>	<b>100</b>
Investment in associate & Joint venture													1,443,127	1,247,799
													291,165,563	247,108,602
<b>Liabilities</b>	<b>212,473,516</b>	<b>164,709,406</b>	<b>14,318,237</b>	<b>7,979,265</b>	<b>-</b>	<b>-</b>	<b>228,080</b>	<b>170,177</b>	<b>17,470,595</b>	<b>17,139,822</b>	<b>(334,584)</b>	<b>(333,249)</b>	<b>244,155,844</b>	<b>203,140,477</b>

\* 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.

## Supplementary Financial Information

DFCC Vardhana Bank PLC which was a subsidiary of the group was amalgamated with DFCC Bank PLC on 01 October 2015 with DFCC Bank PLC as the surviving entity. Subsequent to the amalgamation, the financial year of the Bank was changed to a calendar year commencing the year 2015.

The following combined income statement for the comparative period ( 01-01-2015 to 31.12-2015) has been prepared and presented to compare the business results as if both the amalgamation and the change of financial year took place prior to 1 January 2015. The financial results for the 12 months ended 31st December 2016 are as reported in the income Statements.

The information has been presented for comparability purpose only and are unaudited.

### Supplementary Income Statement - Combined

*For the year ended 31st December*

	<b>2016</b>	<b>2015</b>	<b>Change %</b>
	<b>LKR 000</b>	<b>LKR 000</b>	
<b>Income</b>	<b>26,753,895</b>	<b>19,906,706</b>	34
Interest income	24,194,158	17,257,604	40
Interest expenses	15,293,022	10,146,326	51
<b>Net Interest Income</b>	<b>8,901,136</b>	<b>7,111,278</b>	25
Fee and commission income	1,309,049	1,155,211	13
Less: Fee and commission expenses	-	(9,914)	(100)
<b>Net Fee and Commission Income</b>	<b>1,309,049</b>	<b>1,145,297</b>	14
Net gain from trading	340,456	217,822	56
Net loss from financial instruments at fair value through profit or loss	(179,727)	181,766	(199)
Net gain from financial investments	1,165,389	1,155,215	1
Other operating income (net)	(75,430)	(60,912)	24
<b>Total operating Income</b>	<b>11,460,873</b>	<b>9,750,466</b>	18
Charge of Impairment for loans and other losses			
- Individual impairment	792,389	1,012,107	(22)
- Collective impairment	81,772	(22,482)	(464)
- Others	63,106	17,628	258
<b>Net Operating Income</b>	<b>10,523,606</b>	<b>8,743,213</b>	20
<b>Less: Operating Expenses</b>			
Personnel expenses	2,809,742	2,879,892	(2)
Depreciation and other amortization	331,341	358,597	(8)
Other operating expenses	1,982,883	1,937,896	2
<b>Operating profit before value added tax and nation building tax on financial services</b>	<b>5,399,640</b>	<b>3,566,828</b>	51
Value added tax and nation building tax on financial services	986,110	701,191	41
<b>Profit Before Tax</b>	<b>4,413,530</b>	<b>2,865,637</b>	54
Income tax expenses	1,124,807	812,192	38
<b>Profit for the year</b>	<b>3,288,723</b>	<b>2,053,445</b>	60