



Financial Results for the Year Ended 31 December 2018

The DFCC Group is a diversified financial organisation involved in commercial banking, development banking, investment banking, wealth management, information technology, industrial park management and consultancy businesses.

Profitability

DFCC Bank, the largest entity within the Group, reported a Profit before Tax of LKR 4,233 million and a Profit after Tax of LKR 2,768 million for the year ended 31 December 2018. This compares with a Profit before Tax of LKR 5,792 million and a Profit after Tax of LKR 4,415 million in the previous year. However, the profit for 2018 includes the one-off fair value loss on Commercial Bank shares transferred to the trading portfolio and the Debt Repayment Levy (DRL) imposed on the value addition on financial services in the current year while the profit for 2017 includes a gain from the sale of Commercial Bank shares. Therefore, when the loss and gain on account of the Commercial Bank shares and the DRL are eliminated for an equitable comparison, the resultant Profit after Tax would be LKR 3,851 million for 2018 and LKR 3,498 million for 2017. Accordingly, the 2018 performance represents a profit growth of 10% over that in 2017.

The Group recorded a profit before tax of LKR 4,676 million and profit after tax of LKR 3,070 million for the Year ended 31 December 2018 as compared to LKR 5,891 million and LKR 4,434 million respectively in 2017. All members of the DFCC Group made positive and improved contributions to this performance.

Operating Income

Following a judicious growth strategy which took into consideration the challenging environment faced by the country, DFCC recorded a year-on-year growth of 17% in its net portfolio which when coupled with prudent management of asset and liability pricing, enabled the Bank to post an increase of 9% in Net Interest Income to LKR 12,414 million from LKR 11,342 million in the previous year. The interest margin has decreased slightly to 3.5% from 3.6% in 2017. This performance is creditable given the stringent non-recognition of interest income on credit impaired loans. Further, a growth of 26% was recorded in fees and commission income to LKR 2,013 million from LKR 1,591 million in December 2017. This is the outcome of a focus on non-funded business.

Operating Expenses

As part of its growth strategy, DFCC continuously invests in its organisation and infrastructure. The Bank increased its island-wide footprint by extending the branch network and added ten full service branches during the year. At the same time, DFCC enhanced its delivery channels through IT system upgrades and the introduction of pioneering, digitally enabled products. The Bank also continued to invest in its brand and franchise, which supported the increase in its deposit and asset base. The outlay on these investments resulted in a moderate increase of 14% in Operating Expenses to LKR 6,672 million from LKR 5,870 million in the previous year.

Impairment

Although the individual impairment provision increased due to a few specific exposures, the overall impairment provision during the year decreased. Moreover, recovery processes are being rigorously pursued to minimize any actual losses that may arise from the specific exposures.

DFCC's NPL ratio moved upto 3.28% as at 31 December 2018 from 2.77% in December 2017. This reflected an industry-wide trend, which was consequent to the challenging business environment that prevailed during the year. The ratio has however been managed at a level below the industry average of 3.4% as at December 2018.

Other Comprehensive Income

Investments in equity securities and treasury bills and bonds are classified as financial assets whose variations in fair value are recorded through Other Comprehensive Income. Accordingly, fair value losses of LKR 1,951 million and LKR 1,371 million were recorded on account of equity securities and fixed income securities respectively. Prices of equity securities were affected by the declining trend in the share market, while prices of treasury bills and bonds were impacted by taxes implemented in April 2018.

Statement of Financial Position

Assets

Reflecting its measured growth strategy, DFCC's Total Assets grew by LKR 41,800 million to LKR 374,908 million, which is a 13% growth on 31 December 2017. Within this, the Bank's loan portfolio grew by LKR 36,058 million to LKR 249,734 million compared to LKR 213,676 million as at 31 December 2017, which is a growth of 17%. This growth is commendable given that the adoption of SLFRS 9 resulted in an additional provision to the portfolio. The Bank lent prudently and did not pursue aggressive growth particularly to sectors that exhibited stress.

Liabilities

DFCC's deposit base experienced a substantial growth of 25% recording an increase of LKR 48,930 million to LKR 242,238 million from LKR 193,308 million as at 31 December 2017. This is not only a reflection of customers' confidence in the Bank, but also the outcome of the investment in developing distribution channels and marketing innovative new products. With this deposit growth the Bank was able to report an improved loans to deposit ratio of 103% from 110% in December 2017. The Bank's CASA ratio, which represents the proportion of low cost deposits in the total deposits of the Bank was 21.8% as at 31 December 2018. Funding costs for DFCC were also contained due to access to medium to long term concessionary credit lines. When these concessionary term borrowings are added to deposits, the ratio improved to 28.6% as at 31 December 2018.

Capital Management

DFCC Bank, throughout its history, has been a prudent lender. Therefore, in order to support future growth and to maintain its premier development banking focus, the Bank has consistently maintained a capital ratio above the Basel III minimum capital requirements. As at 31 December 2018, the Group's Tier 1 capital adequacy ratio stood at 10.888% while the total capital adequacy ratio was 16.168%. On a solo basis, as at 31 December 2018, DFCC recorded Tier 1 and total capital adequacy ratios of 10.766% and 16.065% respectively. These ratios are well above the minimum regulatory requirements of 8.5% and 12.5% effective 2019.

Notable Award

DFCC Bank was recognised as one of the Top 10 Most Admired Companies in Sri Lanka in 2018 by the Chartered Institute of Management Accountants and the International Chamber of Commerce Sri Lanka. This is a testament to the Bank's superior customer service, financial stability, ethical practices and contribution towards the economy over the past sixty three years.

Lakshman Silva
Director/Chief Executive Officer

18 February 2019

DFCC Bank PLC
Income Statement

Notes	Bank						Group					
	For the year ended			For the quarter ended			For the year ended			For the quarter ended		
	31.12. 2018 (Audited) LKR 000	31.12. 2017 (Audited) LKR 000	Change %	31.12. 2018 LKR 000	31.12. 2017 LKR 000	Change %	31.12. 2018 (Audited) LKR 000	31.12. 2017 (Audited) LKR 000	Change %	31.12. 2018 LKR 000	31.12. 2017 LKR 000	Change %
Income	39,153,874	35,941,612	9	8,651,978	9,578,515	(10)	39,448,486	35,987,091	10	8,734,307	9,599,485	(9)
Interest income	38,148,193	32,986,590	16	9,236,236	9,033,906	2	38,149,896	32,994,636	16	9,232,816	9,034,502	2
Interest expense	25,733,360	21,643,982	19	6,840,954	5,918,861	16	25,691,119	21,597,373	19	6,830,400	5,907,547	16
Net interest income	12,414,833	11,342,608	9	2,395,282	3,115,045	(23)	12,458,777	11,397,263	9	2,402,416	3,126,955	(23)
Fee and commission income	2,012,563	1,591,336	26	590,842	481,225	23	2,012,443	1,591,943	26	590,810	481,998	23
Fee and commission expenses	-	-	-	-	-	-	-	-	-	-	-	-
Net fee and commission income	2,012,563	1,591,336	26	590,842	481,225	23	2,012,443	1,591,943	26	590,810	481,998	23
Net (loss) / gain from trading	(366,657)	361,963	(201)	(488,330)	128,714	(479)	(366,657)	361,963	(201)	(488,330)	128,714	(479)
Net fair value gain / (losses) from financial instruments at fair value through profit or loss	2,650,664	(404,586)	755	378,912	495,266	23	2,650,664	(404,586)	755	378,912	495,266	23
Net gains from derecognition of financial assets												
Fair value through profit or loss	15,908	-	100	10,470	-	100	15,908	-	100	10,470	-	100
Fair value through other comprehensive income	3,206	1,558	(106)	435	1,197	64	3,206	1,558	(106)	435	1,197	64
Net other operating income	(3,310,003)	1,404,751	(336)	(1,076,586)	(561,793)	92	(3,016,974)	1,441,577	(309)	(990,809)	(542,194)	83
Total operating income	13,420,514	14,297,630	(6)	1,811,025	3,659,654	(51)	13,757,367	14,389,718	(4)	1,903,906	3,691,937	(48)
Impairment charge / (reversal) for loans and other losses												
- Individual impairment	1,083,826	724,402	50	(157,788)	103,476	(252)	1,083,826	724,402	50	(157,788)	103,476	(252)
- Collective impairment	(92,809)	405,973	(123)	(657,696)	73,127	(999)	(92,809)	405,973	(123)	(657,696)	73,127	(999)
- Others	64,979	23,227	180	36,456	3,845	848	64,979	27,076	140	36,456	7,694	374
Investment - impairment losses	234	22,811	(99)	(62,364)	(21,021)	197	234	12,915	(98)	(62,364)	(21,020)	(100)
Net operating income	12,364,284	13,121,217	(6)	2,652,415	3,500,226	(24)	12,701,137	13,219,352	(4)	2,745,298	3,528,660	(22)
Operating expenses												
Personnel expenses	3,408,312	3,141,032	9	825,567	901,090	(8)	3,555,980	3,277,316	9	858,372	902,904	(5)
Depreciation and amortisation	462,344	369,121	25	124,597	107,950	15	510,128	410,947	24	137,807	114,665	20
Other expenses	2,801,897	2,360,002	19	852,554	670,890	27	2,806,774	2,365,960	19	856,936	673,261	27
Total operating expenses	6,672,553	5,870,155	14	1,802,718	1,679,930	7	6,872,882	6,054,223	14	1,853,115	1,690,830	10
Operating profit before value added tax nation building tax and debt repayment levy on financial services	5,691,731	7,251,062	(22)	849,697	1,820,296	(53)	5,828,255	7,165,129	(19)	892,183	1,837,830	(51)
Value added tax nation building tax and debt repayment levy on financial services	1,459,070	1,458,749	0	408,925	368,855	11	1,459,070	1,458,749	0	408,928	368,855	11
Operating profit after value added tax nation building tax and debt repayment levy on financial services	4,232,661	5,792,313	(27)	440,772	1,451,441	(70)	4,369,185	5,706,380	(23)	483,256	1,468,975	(67)
Share of profits of associate and joint venture	-	-	-	-	-	-	307,218	185,030	66	157,308	45,867	243
Profit before tax	4,232,661	5,792,313	(27)	440,772	1,451,441	(70)	4,676,403	5,891,410	(21)	640,563	1,514,842	(58)
Income tax expense	1,464,482	1,377,349	6	202,407	454,920	(56)	1,606,176	1,457,653	10	263,767	472,113	(44)
Profit for the year	2,768,179	4,414,964	(37)	238,365	996,520	(76)	3,070,227	4,433,757	(31)	376,796	1,042,729	(64)
Profit attributable to:												
Equity holders of the Bank	2,768,179	4,414,964	(37)	238,367	996,520	(76)	3,011,018	4,362,407	(31)	375,260	1,025,025	(63)
Non-controlling interests	-	-	-	-	-	-	59,209	71,350	(17)	1,534	17,706	(91)
Profit for the year	2,768,179	4,414,964	(37)	238,367	996,520	(76)	3,070,227	4,433,757	(31)	376,796	1,042,729	(64)
Basic earnings per ordinary share (LKR)	10.44	16.65	(37)	0.90	3.75	(76)	11.36	16.45	(31)	1.42	5.84	(76)

DFCC Bank PLC
Statement of Comprehensive Income

	BANK						GROUP					
	For the year ended			For the quarter ended			For the year ended			For the quarter ended		
	31.12. 2018 (Audited) LKR 000	31.12. 2017 (Audited) LKR 000	Change %	31.12. 2018 LKR 000	31.12. 2017 LKR 000	Change %	31.12. 2018 (Audited) LKR 000	31.12. 2017 (Audited) LKR 000	Change %	31.12. 2018 LKR 000	31.12. 2017 LKR 000	Change %
Profit for the year	2,768,179	4,414,964	(37)	238,367	603,213	(60)	3,070,227	4,433,757	(31)	376,796	446,962	(16)
Other comprehensive income / (expenses) for the year, net of tax												
Items that will be reclassified to income statement												
Net change in fair value through other comprehensive income /available-for-sale financial assets	(1,371,412)	206,651	(764)	(733,581)	379,259	(293)	(1,371,412)	206,651	(764)	(733,578)	379,259	(293)
Net amount transferred to income statement on disposal of fair value through other comprehensive income /available-for-sale financial assets	(1,649)	(1,188,907)	(100)	52,323	-	(100)	(1,649)	(987,323)	100	52,323	201,584	(74)
Share of other comprehensive income / (expenses) of equity accounted joint venture and associate.	-	-	-	-	-	-	39,721	(22,308)	278	14,254	1,183	1,105
Net gain / loss on cash flow hedges												
Effective portion of changes in fair value	892,967	-	100	371,922	-	100	892,967	-	100	371,922	-	100
Reclassified to profit or loss	(809,400)		(100)	(408,900)		(100)	(809,400)		(100)	(408,900)		(100)
Deferred tax effect relating to fair value through other comprehensive income / available for sale financial assets	361,154	(268,545)	(100)	201,702	(159,666)	226	361,154	(268,545)	234	201,702	(159,666)	226
Total other comprehensive (expenses) / income that will be reclassified to income statement	(928,340)	(1,250,801)	26	(516,533)	219,592	(335)	(888,620)	(1,071,525)	17	(502,278)	422,630	(219)
Items that will not be reclassified to income statement												
(Losses) /gains on remeasurement of defined benefit plans	(11,881)	32,399	(137)	(11,881)	-	(100)	(11,765)	36,411	(132)	(11,646)	-	-
Net loss on equity instruments measured at fair value through other comprehensive income.	(1,951,466)	-		1,429,899		(100)	(1,951,466)	-		1,429,899		
Share of other comprehensive income of equity accounted associate and joint venture.							1,189	651		1,189		
Deferred tax effect relating to items that will not be reclassified to income statement	9,215	2,600	254	9,215	-	(100)	9,141	2,028	-	9,141	-	-
Total other comprehensive (expenses) / income on items that will not be reclassified to income statement	(1,954,132)	34,999	(5,683)	1,427,233	-	-	(1,952,901)	39,090	(5,096)	1,428,584	(153)	(933,815)
Other comprehensive (expenses) / income for the period, net of tax	(2,882,472)	(1,250,801)	(130)	910,700	219,592	315	(2,841,520)	(1,032,435)	(175)	926,306	422,360	119
Total comprehensive (expenses) / income for the year	(114,293)	3,199,162	(104)	1,149,065	822,806	40	228,707	3,401,322	(93)	1,303,102	869,321	50
Total comprehensive (expenses) /income attributable to:												
Equity holders of the Bank	(114,293)	3,199,162	(104)	1,149,065	822,806	40	169,355	3,329,750	(95)	1,301,366	849,760	53
Non-controlling interests	-	-	-	-	-	-	59,352	71,572	(17)	1,735	19,561	(91)
Total comprehensive (expenses) / income for the year	(114,293)	3,199,162	(104)	1,149,065	822,806	40	228,707	3,401,322	(93)	1,303,101	869,321	50

DFCC Bank PLC
Statement of Financial Position

As at	Notes	BANK			GROUP		
		31.12. 2018 (Audited) LKR 000	31.12.2017 (Audited) LKR 000	Change %	31.12. 2018 (Audited) LKR 000	31.12.2017 (Audited) LKR 000	Change %
Assets							
Cash and cash equivalents		5,039,629	4,106,225	23	5,049,823	4,120,230	23
Balances with Central Bank of Sri Lanka		11,841,814	10,557,688	12	11,841,814	10,557,688	12
Placements with banks		425,087	6,691,381	(94)	439,727	6,712,131	(93)
Derivative assets held - for - risk - management		3,414,549	66,440	5,039	3,414,549	66,440	5,039
Financial assets measured at fair value through profit or loss / financial assets held-for-trading		6,078,862	310,922	1,855	6,078,862	310,922	1,855
Financial assets at amortised cost - Loans to and receivables from banks		12,854,880	10,984,266	17	12,854,880	10,984,266	17
Financial assets at amortised cost -Loans to and receivables from other customers	7	249,733,718	213,675,866	17	249,733,718	213,675,866	17
Financial assets at amortised cost - Debt and other instruments / held to maturity		22,874,088	23,507,632	(3)	22,874,088	23,507,632	(3)
Financial assets measured at fair value through other comprehensive income / financial assets available- for- sale		55,313,553	56,866,054	(3)	55,313,553	56,866,054	(3)
Investments in subsidiaries		167,036	167,036	-	-	-	-
Investments in associate		35,270	35,270	-	31,107	67,266	(54)
Investments in joint venture		755,000	755,000	-	1,957,455	1,616,711	21
Due from subsidiaries		9,505	12,083	(21)	-	-	-
Investment property		9,879	-	-	496,559	318,653	56
Property, plant and equipment		1,620,375	1,273,250	27	1,718,904	1,371,161	25
Intangible assets		668,834	498,084	34	686,288	502,411	37
Goodwill on consolidation		-	-	-	156,226	156,226	-
Government grant receivable		-	642,583	(100)	-	642,583	(100)
Deferred tax asset		491,523	-	-	492,678	3,160	15,491
Other assets		3,574,276	2,957,562	21	3,621,780	2,988,462	21
Total assets		374,907,878	333,107,342	13	376,762,011	334,467,862	13
Liabilities							
Due to banks		9,446,464	9,640,735	(2)	9,446,464	9,640,735	(2)
Derivative liabilities held- for- risk -management		121,373	367,435	(67)	121,373	367,435	(67)
Financial liabilities at amortized cost - Due to depositors	8	242,237,596	193,307,534	25	241,914,870	192,920,147	25
Financial liabilities at amortized cost - Due to other borrowers		47,413,727	41,319,591	15	47,388,679	41,290,874	15
Debt securities issued		8,898,441	24,443,767	(64)	8,898,441	24,443,767	(64)
Retirement benefit obligation		408,704	330,578	-	433,315	352,710	-
Current tax liability		1,221,117	633,636	93	1,294,540	655,488	97
Deferred tax liability		-	1,194,027	(100)	90,402	1,232,478	(93)
Government grant - deferred income	10.2	-	654,583	(100)	-	654,583	(100)
Other liabilities		4,458,721	4,135,820	8	4,662,423	4,304,918	8
Subordinated term debt		16,855,352	9,202,870	83	16,855,352	9,202,870	83
Total liabilities		331,061,495	285,230,576	16	331,105,859	285,066,005	16
Equity							
Stated capital		4,715,814	4,715,814	-	4,715,814	4,715,814	-
Statutory reserves		2,358,275	2,224,275	6	2,358,275	2,224,275	-
Retained earnings		17,187,262	13,858,152	24	20,107,150	17,359,513	16
Other reserves		19,585,032	27,078,525	(28)	18,216,689	24,825,383	(27)
Total equity attributable to equity holders of the Bank		43,846,383	47,876,766	(8)	45,397,928	49,124,985	(8)
Non-controlling interests		-	-	-	258,224	276,872	(7)
Total equity		43,846,383	47,876,766	(8)	45,656,152	49,401,857	(8)
Total equity and liabilities		374,907,878	333,107,342	13	376,762,011	334,467,862	13
Contingent liabilities and commitments		137,143,668	135,571,324	-	137,143,668	135,571,324	-
Net assets value per share, LKR		165.40	180.60	(8)	171.25	185.31	(8)

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

	31.12. 2018	31.12.2017
- Highest price LKR	100.50	138.20
- Lowest price LKR	87.00	118.30
- Last traded price LKR	93.00	122.80

	BANK		GROUP	
	31.12. 2018	31.12.2017	31.12. 2018	31.12.2017
Memorandum Information				
Number of Employees	1,860	1,770	1,963	1,869
Number of Branches	111	101		
Extention offices and postal units	27	37		

Statement of Changes in Equity

Bank (Audited)

	Stated capital LKR 000	Statutory reserve	Other reserves			Retained earnings LKR 000	Total equity LKR 000
		Reserve fund LKR 000	Fair value reserve LKR 000	Hedging reserve LKR 000	General reserves LKR 000		
Balance as at 31.12. 2016	4,715,814	2,004,275	14,549,487		13,779,839	10,800,251	45,849,666
Profit for the year	-	-	-	-	-	4,414,964	4,414,964
Other comprehensive (expenses) / income net of tax	-	-	(1,250,801)	-	-	34,999	(1,215,802)
Total comprehensive (expense)/income for the year	-	-	(1,250,801)	-	-	4,449,963	3,199,162
Transfers	-	220,000	-	-	-	(220,000)	-
Transactions with equity holders, recognised directly in equity							
Forfeiture of unclaimed dividends	-	-	-	-	-	20,878	20,878
Final dividend approved on 20.02.2017	-	-	-	-	-	(1,192,940)	(1,192,940)
Total contributions from and distribution to equity holders		-	-	-	-	(1,172,062)	(1,172,062)
Balance as at 31.12. 2017	4,715,814	2,224,275	13,298,686	-	13,779,839	13,858,152	47,876,766
Adjustment on initial application of SLFRS 9 net of tax (Note 2.2.1)	-	-	(4,551,014)	-	-	2,017,938	(2,533,076)
Restated balance as at 01.01.2018	4,715,814	2,224,275	8,747,672	-	13,779,839	15,876,090	45,343,690
Profit for the year	-	-	-	-	-	2,768,179	2,768,179
Other comprehensive (expenses) / income, net of tax	-	-	(2,939,974)	60,168	-	(2,666)	(2,882,472)
Total comprehensive (expenses)/income for the year	-	-	(2,939,974)	60,168	-	2,765,513	(114,293)
Transfers	-	134,000	-	-	-	(134,000)	-
Transfer of gains / (losses) on disposal / write off of equity investments at fair value through othe comprehensive income to retain earnings	-	-	(62,673)	-	-	75	(62,598)
Transactions with equity holders, recognised directly in equity							
Forfeiture of unclaimed dividends	-	-	-	-	-	5,073	5,073
Final dividend approved on 19.02.2018	-	-	-	-	-	(1,325,489)	(1,325,489)
Total contributions from and distribution to equity holders		-	-	-	-	(1,320,416)	(1,320,416)
Balance as at 31.12. 2018	4,715,814	2,358,275	5,745,025	60,168	13,779,839	17,187,262	43,846,383

Statement of Changes in Equity

Group (Audited)

Attributable to the equity holders of the Bank

	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	Hedging reserve	General reserve				
LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	
Balance as at 31.12.2016	4,715,814	2,004,275	12,085,454	33,428	-	13,779,839	14,231,009	46,849,819	259,900	47,109,719
Profit for the year	-	-	-	-	-	-	4,362,407	4,362,407	71,350	4,433,757
Other comprehensive (expenses) / income net of tax	-	-	(1,052,971)	(20,367)	-	-	40,681	(1,032,657)	222	(1,032,435)
Total comprehensive (expenses) / income for the year	-	-	(1,052,971)	(20,367)	-	-	4,403,088	3,329,750	71,572	3,401,322
Transfers	-	220,000	-	-	-	-	(220,000)	-	-	-
Transactions with equity holders, recognised directly in equity										
Forfeiture of unclaimed dividends	-	-	-	-	-	-	20,878	20,878	-	20,878
Change in holding through joint venture	-	-	-	-	-	-	117,478	117,478	-	117,478
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)	(54,600)
Total contributions from and distribution to equity holders	-	220,000	-	-	-	-	(1,274,584)	(1,054,584)	(54,600)	(1,109,184)
Balance as at 31.12.2017	4,715,814	2,224,275	11,032,483	13,061	-	13,779,839	17,359,513	49,124,985	276,872	49,401,857
Adjustment on initial application of SLFRS 9 net of tax (Note 2.2.1).	-	-	(3,707,124)	-	-	-	1,189,617	(2,517,507)	-	(2,517,507)
Restated balance at 01.01.2018	4,715,814	2,224,275	7,325,359	13,061	-	13,779,839	18,549,130	46,607,478	276,872	46,884,350
Profit for the year	-	-	-	-	-	-	3,011,018	3,011,018	59,209	3,070,226
Other comprehensive (expense) / income net of tax	-	-	(2,968,839)	69,774	60,168	-	(2,766)	(2,841,663)	143	(2,841,520)
Total comprehensive (expense) / income for the period	-	-	(2,968,839)	69,774	60,168	-	3,008,252	169,355	59,352	228,707
Transfers	-	134,000	-	-	-	-	(134,000)	-	-	-
Transfer of gains / (losses) on disposal / write off of equity investments at fair value through othe	-	-	(62,673)	-	-	-	75	(62,598)	-	(62,598)
Transactions with equity holders, recognised directly in equity										
Forfeiture of unclaimed dividends	-	-	-	-	-	-	5,073	5,073	-	5,073
Change in holding through joint venture	-	-	-	-	-	-	4,109	4,109	-	4,109
Final dividend approved on 19.02.2018	-	-	-	-	-	-	(1,325,489)	(1,325,489)	-	(1,325,489)
Dividend distributed to non-controlling interest by subsidiaries	-	-	-	-	-	-	-	-	(78,000)	(78,000)
Total contributions from and distribution to equity holders	-	-	-	-	-	-	(1,316,307)	(1,316,307)	(78,000)	(1,394,307)
Balance as at 31.12.2018	4,715,814	2,358,275	4,293,847	82,835	60,168	13,779,839	20,107,150	45,397,928	258,224	45,656,152

Statement of Cash Flows

for the year ended 31 December

	Bank		Group	
	2018 LKR 000	2017 LKR 000	2018 LKR 000	2017 LKR 000
Cash flows from operating activities				
Interest receipts	21,879,208	24,258,984	21,919,677	24,257,743
Interest payments	(23,669,321)	(19,308,381)	(23,631,703)	(19,267,517)
Net commission receipts	1,965,693	1,684,812	1,965,693	1,684,812
Net trading Income	6,271,792	(311,731)	6,271,792	(311,731)
Recoveries on loans previously written - off	10,460	36,768	10,460	36,769
Receipts from other operating activities	3,276,220	1,338,987	3,823,357	1,813,361
Payments on other operating activities	(2,878,077)	(2,406,996)	(2,878,077)	(2,406,996)
Cash payments to employees	(3,680,695)	(3,188,464)	(3,983,485)	(3,473,725)
Value added tax ,nation building tax and debt repayment levy on financial services	(1,168,279)	(1,298,496)	(1,168,279)	(1,298,496)
Operating cash flows before changes in operating assets and liabilities	2,007,001	805,483	2,329,435	1,034,220
(Increase)/decrease in operating assets:				
Balances with Central Bank / Deposits held for regulatory or monetary control purposes	(1,284,129)	(2,495,121)	(1,284,129)	(2,495,121)
Financial assets at amortised cost - Loans to and receivables from other customers	(28,536,076)	(26,935,976)	(28,536,076)	(26,935,976)
Others	3,606,060	690,451	3,702,214	723,354
Increase /(decrease) in operating liabilities:				
Financial liabilities at amortised cost - Due to depositors	46,675,218	50,738,651	46,608,731	50,599,577
Negotiable certificates of deposits	79,186	(259,665)	79,186	(259,665)
Others	(2,995,967)	206,374	(2,995,967)	206,374
Net cash flows from operating activities before income tax	19,551,293	22,750,197	19,903,394	22,872,763
Income tax paid	(318,441)	(1,404,889)	(346,537)	(1,455,337)
Net cash flows from operating activities	19,232,852	21,345,308	19,556,857	21,417,426
Cash flows from investing activities				
Dividends received from investment in subsidiaries , joint venture and associate	594,901	680,893	524,646	629,428
Interest received	6,706,368	6,122,521	6,746,070	6,171,449
Government securities- net	(22,736,595)	(9,062,415)	(22,736,595)	(9,062,415)
Proceeds from sale and redemption of securities	1,262,943	2,960,619	1,262,943	2,960,619
Purchase of financial investments	(402,563)	(1,661,972)	(399,563)	(1,674,972)
Net cashflow on acquisition of investment in additional shares of subsidiaries - (Synapsys Ltd)	-	(65,000)	-	-
Purchase of property, equipment ,intangibles and investment property	(1,093,170)	(880,905)	(1,307,636)	(992,860)
Proceeds from sale of equipment and investment property	5,895	8,944	5,876	16,196
Net cash flows used in investing activities	(15,662,221)	(1,897,315)	(15,904,259)	(1,952,555)
Cash flows from financing activities				
Issue of debentures	7,000,000	-	7,000,000	-
Redemption of debentures	-	(5,000,000)	-	(5,000,000)
Borrowing , medium and long - term	7,385,449	11,510,776	7,385,449	11,510,776
Other borrowings - net	(33,701)	(15,718,589)	(33,701)	(15,718,589)
Repayment of borrowing medium and long term	(21,969,027)	(3,943,757)	(21,969,027)	(3,943,757)
Dividends paid	(1,286,242)	(1,180,868)	(1,378,130)	(1,241,185)
Net Cash flows used in financing activities	(8,903,521)	(14,332,438)	(8,995,409)	(14,392,755)
Net (decrease)/ increase in cash and cash equivalents	(5,332,890)	5,115,555	(5,342,811)	5,072,116
Cash and cash equivalents at the beginning of year	10,797,606	5,682,051	10,832,361	5,760,245
Cash and cash equivalents at the end of year	5,464,716	10,797,606	5,489,550	10,832,361
Reconciliation of cash and cash equivalents with items reported in the statement of financial position				
Cash and cash equivalents	5,039,629	4,106,225	5,049,823	4,120,230
Placements with banks	425,087	6,691,381	439,727	6,712,131
	5,464,716	10,797,606	5,489,550	10,832,361

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 Group and the separate financial statements of the 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, other than the items disclosed in Note 2.1 and 2.2 below.

2.1 SLFRS 15 – “Revenue from Contracts with Customers”

Sri Lanka Accounting Standard - SLFRS 15 (Revenue from Contracts with Customers) which replaces existing revenue recognition guidance, including LKAS 18 – “Revenue” and LKAS 11 – “Construction Contracts” and IFRIC 13 – “Customer Loyalty Programmes” is effective for annual reporting periods beginning on or after 1 January 2018. The Group did not recognize any material impact on its fee and commission income with the adoption of SLFRS 15 at the transition date , 1st January 2018.

2.2 SLFRS 9 – “Financial Instruments”

SLFRS 9, issued in 2014, replaces the existing guidance in LKAS 39 – Financial Instruments: Recognition and Measurement is effective for annual reporting periods beginning on or after 01 January 2018.

The financial statements of the Bank and the Group have been prepared based on the new accounting policies and methods which have been revised in line with the requirements of the SLFRS 9 –Financial Instruments. The Bank complied with LKAS -39, Financial Instruments: Recognition and measurements up to 31 December 2017, in the preparation of its annual financial statements. In order to recognize the impact on the transition, the Bank has adopted the modified retrospective approach in line with paragraph 7.2.14 - Transition of SLFRS 9- Financial Instruments. Accordingly, the impact on the adoption of SLFRS 9 on the financial performance as at 31 December 2017, has been reflected in the opening equity balance as at 1 January 2018.

2.2.1 Impact on adoption of SLFRS 9 “Financial Instruments to the Financial Statements.

The following table summarises the impact, net of tax, of transition to SLFRS 9 – “Financial Instruments” on Fair value reserves and retained earnings as at 1 January 2018.

	Bank		Group	
	Retained Earnings LKR 000	Available for sale Reserve LKR 000	Retained Earnings LKR 000	Available for sale Reserve LKR 000
Closing balance as per LKAS 39 as at 31 December 2017	13,858,152	13,298,686	17,359,513	11,032,483
Impact on reclassification and remeasurments:				
Classification of Quoted equity securities as financial assets measured at FVTPL	4,714,753	(4,714,753)	3,871,843	(3,871,843)
Fair value of Unquoted Equity securities previously accounted at cost	-	163,739	-	163,739
Impact on recognition of expected credit losses:				
Expected credit losses under SLFRS 9 for				
- Loans to and receivable from Bank	(38,363)	-	(38,363)	-
- Loans to and receivable from other customers	(3,486,392)	-	(3,486,391)	-
- Loan Commitments	(174,385)	-	(174,385)	-
- Financial assets at amortised cost (Debt Securities)	(1,728)	-	(1,728)	-
Deffered Tax Impact on expected credit loss	1,004,053	-	1,004,053	980
Other Group Adjustments	-	-	14,588	-
Restated balance as at 1 January 2018	15,876,090	8,747,672	18,549,130	7,325,359

2.2.2 Impact on Capital Adequacy Ratio

As per the Directive No. 4 of 2018 issued by Central Bank of Sri Lanka on 'Adoption of Sri Lanka Accounting Standard – SLFRS 9: Financial Instruments', for the purpose of calculating capital adequacy ratio, Bank has considered the day 1 impact arising from the adoption of SLFRS 9 at the transition date, 1st January 2018. Accordingly, the Tier 1 Capital Adequacy Ratios as at 31 December 2018 of the Bank and Group have decreased by 0.78% and 1.20% respectively.

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 fair value gains / (losses) from financial instruments at fair value through profit or loss

For the year ended 31 December	Bank		Group	
	2018 LKR 000	2017 LKR 000	2018 LKR 000	2017 LKR 000
Forward exchange fair value changes				
Contracts with commercial banks	2,688,007	(314,489)	2,688,007	(314,489)
Contracts with CBSL	58,990	(86,277)	58,990	(86,277)
Interest rate swap fair value changes	11,549	(3,820)	11,549	(3,820)
Loss on financial assets fair value through profit or loss - equity securities	(107,883)	-	(107,883)	-
	2,650,664	(404,586)	2,650,664	(404,586)

6. Net other operating income

For the year ended 31 December	BANK		Group	
	2018	2017	2018	2017
	LKR 000	LKR 000	LKR 000	LKR 000
Financial assets measured at fair value through other comprehensive income /financial investments assets available -for- sale				
(Loss) / gain on sale of equity securities	-	1,150,368	-	948,783
Dividend income	527,424	798,104	527,424	798,104
Equities measured at fair value throught Profit or Loss				
Dividend income	3,400	-	3,400	-
Dividend income from subsidiaries, joint venture and associate	132,017	91,463	-	-
Net gain from repurchase transactions	237,005	196,356	237,005	196,356
Premises rental income	44,456	39,383	309,118	262,021
Gain on sale of property, plant and equipment	5,175	11,299	5,175	11,299
Foreign exchange loss	(4,255,763)	(849,494)	(4,255,763)	(849,494)
Recovery of loans written-off	10,460	36,769	13,104	36,769
Amotisation of deferred Income on Government Grant-CBSL Swap	(46,990)	(85,973)	(46,990)	(85,973)
Others	32,813	16,475	190,553	123,711
Net other operating Income	(3,310,003)	1,404,751	(3,016,974)	1,441,577

Note 7 Financial Assets at Amortized Cost Loans to and Receivables from Other Customers

As at	Bank		Group	
	31.12.208 LKR 000	31.12.2017 LKR 000	31.12.208 LKR 000	31.12.2017 LKR 000
Gross loans and receivables (Note 7.1)	261,299,294	221,309,571	261,299,294	221,309,571
Less: Allowance for individual impairment (Note 7.2.1)	(5,959,266)	(5,388,754)	(5,959,266)	(5,388,754)
Allowance for collective impairment (Note 7.2.2)	(5,606,310)	(2,244,951)	(5,606,310)	(2,244,951)
Net loans and receivables	249,733,718	213,675,866	249,733,718	213,675,866

Note 7.1 Loans to and Receivables from Other Customers - By product

As at	Bank		Group	
	31.12.208 LKR 000	31.12.2017 LKR 000	31.12.208 LKR 000	31.12.2017 LKR 000
By product-Domestic Currency				
Overdrafts	40,503,314	39,950,160	40,503,314	39,950,160
Trade finance	28,411,748	20,785,139	28,411,748	20,785,139
Credit cards	504,613	278,433	504,613	278,433
Pawning	3,194,318	2,597,441	3,194,318	2,597,441
Staff loans	1,966,944	1,544,400	1,966,944	1,544,400
Term loans	133,524,069	116,602,843	133,524,069	116,602,843
Lease rentals receivable	18,312,071	16,493,374	18,312,071	16,493,374
Commercial papers and asset back notes	1,329,352	1,140,486	1,329,352	1,140,486
Preference shares	112,500	187,500	112,500	187,500
	227,858,928	199,579,776	227,858,928	199,579,776
By product-Foreign Currency				
Overdrafts	282,662	254,385	282,662	254,385
Trade finance	11,530,783	8,993,313	11,530,783	8,993,313
Term loans	21,626,921	12,482,097	21,626,921	12,482,097
	33,440,366	21,729,795	33,440,366	21,729,795
Gross loans and receivables	261,299,294	221,309,571	261,299,294	221,309,571

Note 7.2 Movement in Individual and Collective allowance for Impairment

As at	Bank		Group	
	31.12.208 LKR 000	31.12.2017 LKR 000	31.12.208 LKR 000	31.12.2017 LKR 000
7.2.1 Allowance for Individual Impairment				
Balance at beginning	5,388,754	4,778,752	5,388,754	4,778,752
Currently assessed under collective impairment	(8,927)	-	(8,927)	-
Charge to income statement	1,083,825	724,402	1,083,825	724,402
Write-off loans and receivables	(675,313)	(136,182)	(675,313)	(136,182)
Effect of foreign currency movement	170,927	21,782	170,927	21,782
Balance on 31 December	5,959,266	5,388,754	5,959,266	5,388,754
7.2.2 Allowance for Collective Impairment				
Balance at beginning	2,244,951	1,890,798	2,244,951	1,890,798
Impact of adoption of SLFRS 9 as at 1 January 2019	3,486,390	-	3,486,390	-
Previously assessed under individual impairment	8,927	-	8,927	-
Balance as at 1 January 2018 (SLFRS 9)	5,740,268		5,740,268	
Charge to income statement	(97,897)	405,973	(97,897)	405,973
Write-off loans and receivables	(30,159)	(47,531)	(30,159)	(47,531)
Effect of foreign currency movement	(4,233)	382	(4,233)	382
Transfers to dues on terminated leases	(1,669)	(4,671)	(1,669)	(4,671)
Balance on 31 December	5,606,310	2,244,951	5,606,310	2,244,951
Total Individual and Collective impairment	11,565,576	7,633,705	11,565,576	7,633,705

Note 7.2.3 Movement in Impairment during the year

	BANK
	31.12.2018
	LKR 000
Stage 1	
Balance at beginning	805,471
Write back to income statement	(12,651)
Write-off during the year	(6,659)
<hr/> Balance on 31 December	<hr/> 786,160
Stage 2	
Balance at beginning	2,347,630
Charge to income statement	10,491
Write-off during the year	(2,161)
<hr/> Balance on 31 December	<hr/> 2,355,960
Stage 3	
Balance at beginning	7,966,994
Charge to income statement	988,089
Effect of foreign currency movement	166,694
Write-off during the year	(696,652)
Other movements	(1,669)
<hr/> Balance on 31 December	<hr/> 8,423,456
Total Impairment	<hr/> 11,565,576 <hr/>

Note 8. Due to Other Customers

As at	Bank		Group	
	31.12.208 LKR 000	31.12.2017 LKR 000	31.12.208 LKR 000	31.12.2017 LKR 000
By product-Domestic Currency				
Demand deposits (current accounts)	4,002,920	3,954,166	4,002,630	3,953,567
Savings deposits	21,605,527	20,839,127	21,593,927	20,836,179
Fixed deposits	152,022,880	125,871,514	151,722,204	125,494,970
Other deposits	2,523,726	409,678	2,523,726	409,678
Certificate of deposits	553,593	477,711	553,593	477,711
	180,708,646	151,552,196	180,396,080	151,172,105
By product- Foreign Currency				
Demand deposits (current accounts)	337,898	514,704	337,898	514,625
Savings deposits	24,234,949	15,821,186	24,232,892	15,821,186
Fixed deposits	36,915,668	25,412,783	36,907,565	25,405,566
Other deposits	40,435	6,665	40,435	6,665
	61,528,950	41,755,338	61,518,790	41,748,042
Total	242,237,596	193,307,534	241,914,870	192,920,147

Note 9. Events after the reporting period**9.1 First and Final Dividend**

The Directors have approved the payment of a first and final dividend of LKR 3.50 per share for the year ended 31 December 2018. 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.

9.2 Proposed Rights Issue

The Bank will issue 106,039,075 shares (two shares for every five shares held) each at LKR 72 per share to raise LKR 7,634,813,400 to increase the Tier 1 capital of the Bank. The Rights issue is subject to the Colombo Stock Exchange approving in principle the issue and listing of shares and obtaining shareholders approval at an extraordinary General Meeting on a date to be advised in due course.

No other circumstances have arisen which would require disclosure or adjustment to the Financial Statements.

Note 10. Disclosures under Appendix 7B of the Listing Rules

10.1 There is no management fees or similar expenditure provided for in the interim financial statements

10.2 Stated capital

	Number of shares
Number of shares of the Bank on 31 December 2018 (No change from 31 December 2017).	<u>265,097,688</u>

10.3 Twenty Major Shareholders as at 31.12.2018

	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	Mr.M.A. Yaseen	26,506,750	10.00
5	Employees' Provident Fund	24,368,995	9.19
6	Melstacorp PLC	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	9,842,898	3.71
9	Renuka City Hotels PLC	6,926,870	2.61
10	HSBC Intl. Nom Ltd-BP2S LDN-Aberdeen Asia Pacific Equity Fund	5,438,669	2.05
11	HSBC Intl Nom Ltd-BP2S London-Edinburgh Dragon Trust PLC	4,528,328	1.71
12	Renuka Hotels PLC	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	3,866,936	1.46
15	Akbar Brothers Pvt Ltd A/C No.01	2,578,688	0.97
16	Cargo Boat Development Company PLC	2,498,200	0.94
17	Anverally International (pvt) Limited	1,579,345	0.60
18	Crescent Launderers and Dry Cleaners PVT Limited	1,482,548	0.56
19	HSBC Intl Nominees Ltd-BP2S-London - Aberdeen New Dawn Investment Trust XCC6	1,450,311	0.55
20	Renuka Consultants & Services Ltd	1,097,992	0.41

10.4 Public Holding as at 31. 12. 2018

Public holding percentage	63.40%
Number of Public shareholders	8,867
Float adjusted market capitalisation	LKR 15,631 million
Applicable option as per CSE Listing Rule 7.13.1 (a)	Option 1

10.5 Directors' Interests in Shares

	No of Shares As at 31.12.2018
C R Jansz	1,000
P M B Fernando	1,000
T Dharmarajah	500
K.P Cooray	Nil
S.R Thambiayah (Ms.)	Nil
V J Senaratne (Ms.)	1,296
L H A L Silva	3,476
L.K.A.H. Fernando (Ms.)	Nil
N.K.G.K. Nemmawatta	Nil
J. Durairatnam	Nil

Certification

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

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

Royle Jansz
Chairman

Lakshman Silva
Director & Chief Executive Officer

Chinthika Amarasekera
Chief Financial Officer

18-Feb-19

Listed Debentures

Debenture Category	Interest rate Frequency	Applicable Interest Rate %	Interest rate of Comparative Government Securities (Gross) p.a. %	Balance as at 31.12.2018 LKR 000	Market price LKR			Yield Last Traded %
					Highest	Lowest	Last Traded	
Fixed Rate								
2015/2020	Annually	9.10	10.75	3,142,542	100.00	100.00	100.00	9.04
2015/2020	Annually	9.40	10.75	2,103,873	94.54	94.54	94.54	13.50
2016/2019	Annually	10.63	9.75	5,755,899	99.53	99.53	99.53	11.00
2016/2021	Annually	12.15	10.85	970,618	N/T	N/T	N/T	N/A
2016/2023	Annually	12.75	11.20	6,132,187	100.00	100.00	100.00	12.71
2018/2023	Annually	12.60	11.18	3,178,651	100.05	100.05	100.05	12.58
2018/2025	Annually	13.00	11.40	4,470,024	N/T	N/T	N/T	N/A

N/T -Not traded

Other Ratios (Bank)	31.12.2018	31.12.2017
Debt to equity ratio (times)	1.88	1.77
Interest cover (times)	0.89	0.99

SELECTED PERFORMANCE INDICATORS

	Bank		Group	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Regulatory Capital (LKR '000)				
Common Equity Tier I	31,633,211	33,017,170	32,106,706	34,211,431
Tier 1 Capital	31,633,211	33,017,170	32,106,706	34,211,431
Total Capital	47,203,364	41,993,352	47,676,859	43,187,613

Regulatory Capital Ratios %

Common Equity Tier 1 Capital Ratio (Minimum Requirement -6.375%)	10.766%	N/A	10.888%	N/A
(Minimum Requirement -5.75%)	N/A	12.681%	N/A	13.093%
Tier 1 Capital Ratio (Minimum Requirement - 7.875%)	10.766%	N/A	10.888%	N/A
(Minimum Requirement - 7.25%)	N/A	12.681%	N/A	13.093%
Total Capital Ratio (Minimum Requirement - 11.875%)	16.065%	N/A	16.168%	N/A
(Minimum Requirement - 11.25%)	N/A	16.128%	N/A	16.529%

	Bank	
	31.12.2018	31.12.2017
Asset Quality		
Non-performing loans and advances - Gross exposure % (Net of interest in suspense)	3.28	2.77
Non-performing loans and advances - Net exposure % (Net of interest in suspense and provisions)	1.20	0.77
Profitability		
Interest margin %	3.5	3.6
Return on assets (profit before tax) %	1.2	1.9
Return on equity %	6.0	9.4

	Bank	
	31.12.2018	31.12.2017
Regulatory Liquidity		
Statutory liquid assets LKR 000		
Domestic Banking Unit	65,391,771	62,095,324
Off-Shore Banking Unit	9,267,388	9,576,960
Statutory liquid assets ratio % (Minimum requirement 20%)		
Domestic Banking Unit	22.24	24.34
Off-Shore Banking Unit	44.36	67.70
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement - 2018 - 90%, 2017 -80%)	195.71%	127.84%
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement - 2018 - 90%, 2017 -80%)	113.49%	108.51%

	Fair value through profit or loss - mandatory	Fair value-held-for-trading	Fair value through other comprehensive income	Amortised cost	Held-to-maturity	Total
	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000
<i>As at 31 December 2018</i>						
Analysis of Financial Instruments by Measurement Basis						
Bank						
Financial Assets						
Cash and cash equivalents	-	-	-	5,039,629	-	5,039,629
Balances with Central Bank of Sri Lanka	-	-	-	11,841,814	-	11,841,814
Placements with banks	-	-	-	425,087	-	425,087
Derivative assets held-for-risk management	3,414,549	-	-	-	-	3,414,549
Other financial assets held for trading	6,078,862	-	-	-	-	6,078,862
Loans to and receivables from banks	-	-	-	12,854,880	-	12,854,880
Loans to and receivables from other customers	-	-	-	249,733,718	-	249,733,718
Due from subsidiaries	-	-	-	9,505	-	9,505
Financial investments	-	-	55,313,553	22,874,088	-	78,187,641
Government grant receivable	0	-	-	-	-	0
Other assets	-	-	-	3,431,061	-	3,431,061
	9,493,411	-	55,313,553	306,209,782	-	371,016,746
Financial Liabilities						
Due to banks	-	-	-	9,446,464	-	9,446,464
Derivative liabilities held-for-risk management	121,373	-	-	-	-	121,373
Due to other customers	-	-	-	242,237,596	-	242,237,596
Other borrowing	-	-	-	47,413,727	-	47,413,727
Debt securities issued	-	-	-	8,898,441	-	8,898,441
Subordinated term debt	-	-	-	16,855,352	-	16,855,352
Other liabilities	-	-	-	4,211,302	-	4,211,302
	121,373	-	-	329,062,881	-	329,184,256
<i>As at 31 December 2017</i>						
Bank						
Financial Assets						
Cash and cash equivalents	-	-	-	4,106,225	-	4,106,225
Balances with Central Bank of Sri Lanka	-	-	-	10,557,688	-	10,557,688
Placements with banks	-	-	-	6,691,381	-	6,691,381
Derivative assets held-for-risk management	66,440	-	-	-	-	66,440
Other financial assets held for trading	-	310,922	-	-	-	310,922
Loans to and receivables from banks	-	-	-	10,984,266	-	10,984,266
Loans to and receivables from other customers	-	-	-	213,675,866	-	213,675,866
Financial investments	-	-	56,866,054	-	23,507,632	80,373,686
Due from subsidiaries	-	-	-	12,083	-	12,083
Government grant receivable	642,583	-	-	-	-	642,583
Other assets	-	-	-	2,775,741	-	2,775,741
	709,023	310,922	56,866,054	248,803,250	23,507,632	330,196,881
Financial Liabilities						
Due to banks	-	-	-	9,640,735	-	9,640,735
Derivative liabilities held-for-risk management	367,435	-	-	-	-	367,435
Due to other customers	-	-	-	193,307,534	-	193,307,534
Other borrowing	-	-	-	41,319,591	-	41,319,591
Debt securities issued	-	-	-	24,443,767	-	24,443,767
Subordinated term debt	-	-	-	9,202,870	-	9,202,870
Other liabilities	-	-	-	4,078,654	-	4,078,654
	367,435	-	-	281,993,151	-	282,360,586

	Fair value through profit or loss - mandatory	Fair value-held-for-trading	Fair value through other comprehensive income	Amortised cost	Held-to-maturity	Total
As at 31 December 2018						
Group						
Financial Assets						
Cash and cash equivalents	-	-	-	5,049,823	-	5,049,823
Balances with Central Bank of Sri Lanka	-	-	-	11,841,814	-	11,841,814
Placements with banks	-	-	-	439,727	-	439,727
Derivative assets held-for-risk management	3,414,549	-	-	-	-	3,414,549
Other financial assets held for trading	6,078,862	-	-	-	-	6,078,862.00
Loans to and receivables from banks	-	-	-	12,854,880	-	12,854,880
Loans to and receivables from other customers	-	-	-	249,733,718	-	249,733,718
Financial investments	-	-	55,313,553	22,874,088	-	78,187,641
Other assets	-	-	-	3,478,564	-	3,478,564
	9,493,411	-	55,313,553	306,272,614	-	371,079,578

Financial Liabilities						
Due to banks	-	-	-	9,446,464	-	9,446,464
Derivative liabilities held-for-risk management	121,373	-	-	-	-	121,373
Due to other customers	-	-	-	241,914,870	-	241,914,870
Other borrowing	-	-	-	47,388,679	-	47,388,679
Debt securities issued	-	-	-	8,898,441	-	8,898,441
Subordinated term debt	-	-	-	16,855,352	-	16,855,352
Other liabilities	-	-	-	4,379,370	-	4,379,370
	121,373	-	-	328,883,176	-	329,004,549

	Fair value through profit or loss - mandatory	Fair value-held-for-trading	Fair value through other comprehensive income	Amortised cost	Held-to-maturity	Total
As at 31 December 2017						
Group						
Financial Assets						
Cash and cash equivalents	-	-	-	4,120,230	-	4,120,230
Balances with Central Bank of Sri Lanka	-	-	-	10,557,688	-	10,557,688
Placements with banks	-	-	-	6,712,131	-	6,712,131
Derivative assets held-for-risk management	66,440	-	-	-	-	66,440
Other financial assets held-for-trading	-	310,922	-	-	-	310,922
Loans to and receivables from banks	-	-	-	10,984,266	-	10,984,266
Loans to and receivables from other customers	-	-	-	213,675,866	-	213,675,866
Financial investments	-	-	56,866,054	-	23,507,632	80,373,686
Government grant receivable	642,583	-	-	-	-	642,583
Other assets	-	-	-	2,775,741	-	2,775,741
	709,023	310,922	56,866,054	248,825,922	23,507,632	330,219,553

Financial Liabilities						
Due to banks	-	-	-	9,640,735	-	9,640,735
Derivative liabilities held-for-risk management	367,435	-	-	-	-	367,435
Due to other customers	-	-	-	192,920,147	-	192,920,147
Other borrowing	-	-	-	41,290,874	-	41,290,874
Debt securities issued	-	-	-	24,443,767	-	24,443,767
Subordinated term debt	-	-	-	9,202,870	-	9,202,870
Other liabilities	-	-	-	4,078,654	-	4,078,654
	367,435	-	-	281,577,047	-	281,944,482

Business Segment Information

	Banking		Financial Leasing		Investing in Equity		Other		Unallocated		Eliminations		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000
For the year ended 31 December														
Group														
Revenue														
Interest income	35,750,403	30,912,425	2,397,790	2,074,165	-	-	43,946	54,654	-	(42,243)	(46,608)	38,149,896	32,994,636	
Net fees and commission income	2,012,563	1,591,336	-	-	-	-	-	607	-	(119)	-	2,012,443	1,591,943	
Net (loss) / gain from trading	360,897	361,963	-	(727,554)	-	-	-	-	-	-	-	(366,657)	361,963	
Net fair value gain / (losses) from financial instruments at fair value through profit or loss	2,650,664	(404,586)	-	-	-	-	-	-	-	-	-	2,650,664	(404,586)	
Net gains from derecognition of financial assets	-	-	-	-	19,114	1,558	-	-	-	-	-	19,114	1,558	
Net other operating income	(3,972,843)	(633,942)	-	-	662,841	2,038,693	583,892	497,772	-	(290,863)	(460,946)	(3,016,974)	1,441,577	
Total Income	36,801,683	31,827,196	2,397,790	2,074,165	(45,599)	2,040,251	627,838	553,033	-	-	(333,225)	(507,554)	39,448,486	35,987,091
Percentage *	93	88	6	6	-	5	2	2	-	-	(1)	(1)	100	100
Expense														
Impairment charge / (reversal) for loans and other losses	936,504	1,121,003	119,726	32,598	-	22,811	-	3,850	-	-	(9,896)	1,056,230	1,170,366	
Depreciation	-	-	-	-	-	-	47,588	41,836	-	-	-	47,588	41,836	
Other operating and interest expenses	28,835,080	24,782,926	1,928,550	1,591,744	-	-	311,703	326,877	-	(201,207)	(231,054)	30,874,126	26,470,493	
Total Expense	29,771,584	25,903,929	2,048,276	1,624,342	-	22,811	359,291	372,563	-	(201,207)	(108,492)	31,977,944	27,682,695	
Result	7,030,099	5,923,267	349,514	449,823	(45,599)	2,017,440	268,547	180,470	-	(132,018)	(399,062)	7,470,541	8,304,396	
Unallocated expenses												1,642,288	1,139,267	
Value added tax												1,459,070	1,458,749	
Share of profits of associates and Joint venture												4,369,185	5,706,380	
Profit before tax												307,218	185,030	
Income tax on profit on ordinary activities												4,676,403	5,891,410	
Profit after tax												1,606,176	1,457,653	
Other Comprehensive Income / (expense) net of tax												3,070,227	4,433,757	
Total Comprehensive Income / (expense)												(2,841,520)	(1,032,435)	
Total Comprehensive Income - Non controlling interests												228,707	3,401,322	
Total comprehensive income / (expense) for the Equity Holders of the Bank												59,352	71,572	
Assets	286,377,759	269,505,984	18,312,071	16,493,374	36,253,445	19,201,495	1,033,043	915,651	33,330,558	27,271,249	(533,427)	(603,868)	374,773,449	332,783,885
Percentage*	76	81	5	5	11	6	-	-	8	8	-	-	100	100
Investment in associate and Joint venture													1,988,562	1,683,977
													376,762,011	334,467,862
Liabilities	257,739,983	242,555,385	16,480,864	14,844,037	-	-	382,571	258,360	56,868,564	27,845,355	(366,122)	(437,132)	331,105,859	285,066,005

* 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.