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The Board of Directors
DFCC Bank PLC
No. 73/5, Galle Road
Colombo 03

12th August 2020

Dear Sirs

ACCOUNTANTS' REPORT FOR INCLUSION IN THE PROSPECTUS OF DFCC BANK PLC

This report has been prepared for the inclusion in the Prospectus issued in connection with the proposed issue of up to 50,000,000 Basel III compliant Tier 2 Listed Rated Unsecured Subordinated Redeemable Debentures with a Non Viability Conversion aggregating value up to LKR 5,000,000,000/- with an option to issue up to further 20,000,000 of the said debentures with a value of LKR 2,000,000,000/- in the event of an oversubscription of the initial issue by DFCC Bank PLC ("the Bank") , if required regulatory approvals are obtained from the Central Bank of Sri Lanka.

We have examined the financial statements of DFCC Bank PLC ("the Bank") and the consolidated financial statements of the Bank and its subsidiaries ("the Group"), for the nine months ended 31st December 2015 and for the financial years ended 31st December 2016, 2017, 2018 and 2019 included in the prospectus and report as follows,

1. INTRODUCTION

DFCC Bank PLC ("the Bank") is a public limited liability company incorporated and domiciled in Sri Lanka. It was incorporated in 1955 under DFCC Bank Act No. 35 of 1955. Consequent to the enactment of the DFCC Bank (Repeal and Consequential Provisions) Act No. 39 of 2014, the DFCC Bank Act No. 35 of 1955 was repealed and the Bank was incorporated under the Companies Act No. 07 of 2007 as a public limited company listed in the Colombo Stock Exchange with the name 'DFCC Bank PLC' with effect from 6th January 2015. The registered office of the Bank is situated at 73/5, Galle Road, Colombo 3.

The Bank is engaged in the provision of financial products and services to industrial, agricultural and commercial enterprises in Sri Lanka.



2. FINANCIAL STATEMENTS

2.1. Five Years Summary of Financial Statements

A summary of statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flow and statement of changes in equity of DFCC Bank for the nine months ended 31st December 2015 and for the financial years ended 31st December 2016, 2017, 2018 and 2019 based on the audited financial statements of the Bank are set out in the prospectus.

Summaries presented for Assets, Liabilities and Shareholders' funds as at 31st December 2015, 2016, 2017, 2018 and 2019 are based on the financial statements prepared in accordance with SLFRSs and LKASs, effective from 1st January 2012. Summaries presented for Assets, Liabilities and Shareholders' funds as at 31st December 2019 are based on the Sri Lankan Accounting Standards (SLFRSs and LKASs).

Operating results summaries presented for the nine months period ended 31st December 2015 and for the financial years ended 31st December 2016, 2017, 2018 and 2019 are based on the financial statements prepared in accordance with SLFRSs and LKASs, effective from 1st January 2012. Operating results summaries presented for the financial year ended 31st December 2019 are based on the SLFRSs and LKASs.

2.2. Audit Report

We have audited the financial statements of the Bank for the nine months ended 31st December 2015 and for the years ended 31st December 2016, 2017, 2018 and 2019. Unqualified audit opinions have been issued for the said financial reporting periods.

The new audit report format became effective from 1st January 2018 which includes a section for Key Audit Matters (KAM). Accordingly following KAMs were prescribed in the audit report for the years ended 31st December 2018 and 2019.

— Impairment of loans and advances and transition with the adoption of SLFRS 9 – “Financial Instruments”

Given the complexity of SLFRS 9 and its expected pervasive impact on the financial sector we focused on the Bank's disclosure of the expected impact of measuring credit losses on Loans and receivables and the significant judgment exercised by the Bank. The Bank's models to calculate ECLs are inherently complex and judgment is applied in determining the correct construct of the models. There are also a number of key assumptions made by the Bank in applying the requirements of SLFRS 9 to the models including selection and input of forward looking information.

— IT systems and controls over financial reporting

The Bank's key financial accounting and reporting processes are highly dependent on the automated controls over the Bank's information systems. As such that there exist a risk that gaps in the IT control environment, including automated accounting procedures, IT dependent manual controls and controls preventing unauthorized access to systems and data could result in the financial accounting and reporting records being materially misstated. The IT systems and controls, as they impact the financial recording and reporting of transactions, is a key audit matter and our



audit approach could significantly differ depending on the effective operation of the Group's IT controls.

2.3. Application of Accounting Standards and Accounting Policies

The financial statements of the Bank for the nine months ended 31st December 2015 and for the financial years ended 31st December 2016, 2017, 2018 and 2019 complied with the applicable Sri Lanka Accounting Standards (LKAS and SLFRS).

The accounting policies of the Bank are stated in detail in the audited financial statements of DFCC Bank PLC for the year ended 31st December 2019. The adoption of revised / new accounting standards and a summary of related amendments to the accounting policies of the Bank from the nine months ended 31st December 2015 and the financial years ended 31st December 2016, 2017, 2018 and 2019 are given below.

Financial Year	Adoption of revised Accounting Standards and related changes in Accounting Policies
31 st December 2015	<p>The Bank changed its financial year from 31 March to 31 December in the year 2015. Accordingly, the consolidated financial statements for the period ended 31 December 2015 included the results of DFCC Bank PLC and its subsidiaries with the reporting year ending 31 March for the nine months to 31 December 2015, and results of subsidiaries, associate and joint venture company with the reporting year ending 31 December for 12 months to 31 December 2015.</p> <p>DFCC Vardhana Bank PLC, which was a subsidiary of the Group was amalgamated with DFCC Bank PLC on 1 October 2015. Accordingly, on 1 October 2015 the book values of DFCC Vardhana Bank PLC, was amalgamated with that of the of the DFCC Bank PLC and the investment in subsidiary of LKR 5,945 million recorded in DFCC Bank PLC (including balance payment to minority shareholders amounting to 122 million), was set off against the equity of DFCC Vardhana Bank PLC</p>
31 st December 2018	<p><i>SLFRS 09 'Financial Instruments'</i></p> <p>The Bank has adopted SLFRS 9 - 'Financial Instruments', issued in July 2014, with a date of initial application of 1 January 2018. The requirements of SLFRS 9 represent a significant change from LKAS 39 - 'Financial Instruments: Recognition and Measurement.' The new standard brings fundamental changes to the accounting for financial assets and to certain aspects of the accounting for financial liabilities.</p> <p>The key changes to the Bank's accounting policies resulting from its adoption of SLFRS 9 are summarized below</p> <p><i>Classification of financial assets and financial liabilities</i></p> <p>SLFRS 9 contains three principal classification categories for financial assets – i.e. measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing LKAS 39 categories of held-to-maturity, loans and receivables and</p>

available-for-sale. The SLFRS 9 classification is generally based on the business model in which financial asset is managed and its contractual cash flows.

Under SLFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification.

SLFRS 9 largely retains the existing requirements in LKAS 39 for the classification of financial liabilities. However, although under LKAS 39 all fair value changes of liabilities designated under the fair value option were recognised in profit or loss, under SLFRS 9 fair value changes are generally presented as follows:

- The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- The remaining amount of change in the fair value is presented in profit or loss.

Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except and only in those rare circumstances when the Bank's changes its objective of the business model for managing such financial assets.

Financial Liabilities are not reclassified as such reclassifications are not permitted by SLFRS 9

Although implementation of SLFRS 9 resulted in few classification changes except for the reclassification of a part of the Commercial Bank portfolio, others were not material. As at 1st January 2018, Bank decided to transfer 4.6 Bn worth of Commercial Bank share investment from fair value through other comprehensive income (FVOCI) to fair value through profit or loss (FVTPL) category after the reassessment of the classification against the business model.

Impairment of financial assets

SLFRS 9 replaces the 'incurred loss' model in LKAS 39 with an 'expected credit loss' model. The new impairment model applies to financial assets that are not measured at FVTPL and also to certain loan commitments and financial guarantee contracts but not to equity investments.

Under SLFRS 9, credit losses are recognized earlier than under LKAS 39

Measurement of impairment of financial assets

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);

- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive; and
- Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

The most significant impact on the Bank's Financial Statements from the implementation of SLFRS 9 was resulted from the new impairment requirements. Impairment losses increased by 48% in opening day adjustment and 4% increase in 31st December 2018 compared to day one adjustment.

The Bank has employed statistical models to analysis the data collected and generate estimates of the remaining lifetime PD of exposure and how these are expected to change as a result of the passage of time. This analysis include the identification and calibration of relationship between changes in default rates and changes in key macroeconomic factors as well as analysis of the impact of certain other factors on the risk of default.

The Bank has estimated LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset.

EAD for lending commitments and financial guarantees, include the amount drawn, as well as potential future amounts that may be drawn or repaid under the contract, which has been estimated based on historical observations and forward looking forecasts. Under SLFRS 9, the Bank has incorporated forward looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

The Bank has completed the impact assessment on its Financial Statements for the year ended 31 December 2017 and December 2018, resulted from the application of SLFRS 9 with the assistance of an external consultant.

Based on the assessments undertaken to date which was audited, the total estimated additional loan loss provision on the financial statements for the year ended 31 December 2017 and December 2018 on adoption of SLFRS 9 was respectively 3.7 Bn and 0.474 Bn. It had an impact on capital adequacy ratio due to the reduction in the retained earnings.

The Group did not have significant impact on the Consolidated Financial Statements resulting from the application of SLFRS 9 on the other group entities except for those reported by the Bank.

SLFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. New qualitative and quantitative disclosure requirements aim to enable financial statements users to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

Entities applied five step model to determine when to recognise revenue and at what amount. The model specified that revenue is recognised when or as an entity transfers control of goods and services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised.

It replaced existing revenue recognition guidance, including LKAS 18 – “Revenue” and LKAS 11 “Construction Contracts” and IFRIC 13 – “Customer Loyalty Programs”.

The Group/Bank adopted this standard from 1st January 2018 and did not have significant impact on its financial statements resulting from the application of SLFRS 15.

31st December 2019 **SLFRS 16 – ‘Leases’**

The Bank adopted SLFRS 16 – “Leases”, with initial application on 1 January 2019. The requirements of SLFRS 16 represent a significant change from LKAS 17.

The key changes to the Bank’s accounting policies resulting from its adoption of SLFRS 16 are summarized below.

As a lessee

SLFRS 16 eliminates the current dual accounting model for lessees which distinguishes between On-Balance Sheet finance leases and Off-Balance Sheet operating leases. Instead, there will be a single On-Balance Sheet accounting model that is similar to current finance lease accounting.

The Bank recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made or payable at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

As a lessor

Generally, the accounting policies applicable to the Bank as a lessor were not different from LKAS 17.



2.4. Dividends

The Bank has paid the following dividends in respect of Ordinary Shares during the nine months ended 31st December 2015 and the financial years ended 31st December 2016, 2017, 2018 and 2019.

Year/ Period ended;	Dividend Paid (Rs. Mn)	Dividend declared Per Share (Rs.)
31 st December 2015	1,591	2.50
31 st December 2016	663	4.50
31 st December 2017	1,193	5.00
31 st December 2018	1,325	3.50
31 st December 2019	928	3.00*

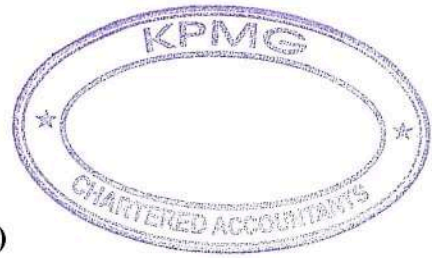
* The payment of a first and final dividend of LKR 3.00 per share which will consist of LKR 2.50 per share in cash and 50 cents in the forms of a scrip dividend, for the financial year ended 31 December 2019.

2.5. Events after the Reporting Date (as at 31st December 2019)

- The Directors have recommended to the shareholders for approval, the payment of a first and final dividend of LKR 3.00 per share which will consist of LKR 2.50 per share in cash and 50 cents in the forms of a scrip dividend, for the financial year ended 31 December 2019. The Board of Directors confirm 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 Auditor.
- The Board of Directors decided to issue up to seventy million (70,000,000) Basel III compliant, subordinated, listed, rated, unsecured, redeemable debentures with a non-viability conversion option, each at an issue price (par value) of LKR 100 with a term up to seven years subject to obtaining all necessary regulatory and other approvals.
- No other circumstances have arisen which would require disclosure or adjustment to the financial statements

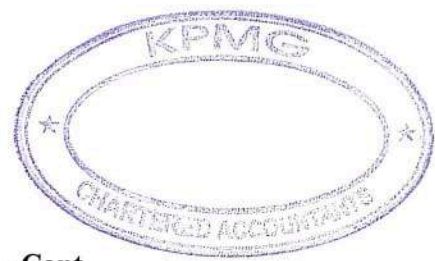
Yours faithfully,

CHARTERED ACCOUNTANTS
Colombo



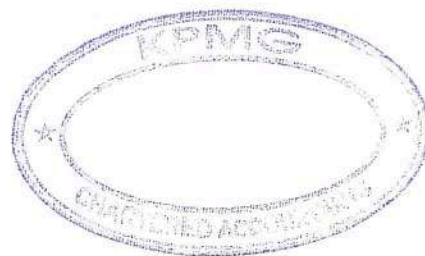
Annexure 1 – Five year summary of Financial Statements (Bank)

Description	Years ended 31 st December;				31 st December 2015 (09 months (Rs. Mn)
	2019 (Rs.Mn)	2018 (Rs.Mn)	2017 (Rs.Mn)	2016 (Rs. Mn)	
Operating Results					
Income	43,297	39,154	35,942	26,754	10,036
Interest Income	42,060	38,148	32,987	24,194	8,918
Interest Expense	29,398	25,733	21,644	15,293	5,560
Net Interest Income	12,662	12,415	11,343	8,901	3,358
Non-Interest Income	1,117	937	2,954	2,560	1,119
Profit Before Income Tax and VAT	4,538	5,692	7,251	5,400	1,932
Profit Before Income Tax	2,989	4,233	5,792	4,414	1,589
Profit After Tax	2,074	2,768	4,415	3,289	1,068
Financial Position					
Assets					
Cash, Placements with Banks and Statutory Deposit with CBSL	14,282	17,307	21,355	13,745	9,859
Loans and Receivables	281,221	262,589	224,660	198,085	164,920
Investments	100,745	85,223	81,642	73,363	67,684
Property, Equipment and Intangible Assets	4,416	2,289	1,771	1,132	1,190
Deferred Tax Assets	309	492	-	-	-
Other Assets	3,924	7,007	3,679	3,737	2,497
Total Assets	404,897	374,908	333,107	290,061	246,151
Liabilities					
Deposits from Customers	247,787	242,238	193,308	140,514	110,891
Borrowings	71,902	56,860	50,961	58,854	60,319
Debt securities Issued (Include debentures)	31,008	25,753	33,646	38,385	27,060
Deferred Tax Liability	-	-	1,194	852	880
Other Liabilities	6,720	6,210	6,121	5,606	4,182
Total Liabilities	357,417	331,061	285,230	244,211	203,332
Equity					
Stated Capital	7,530	4,715	4,716	4,716	4,716
Statutory Reserve Fund	2,462	2,358	2,224	2,004	1,834
Retained Earnings	18,229	17,187	13,858	10,800	8,203
Other Reserves	19,259	19,585	27,079	28,330	28,065
Total Equity	47,480	43,846	47,877	45,850	42,819
Total Liabilities and Equity	404,897	374,908	333,107	290,061	246,151
Contingent Liabilities and Commitments	130,590	137,143	135,571	101,452	76,015



Annexure 1 – Five year summary of Financial Statements (Bank) – Cont.

Description	Years ended 31 st December;				31 st December 2015 (09 months) (Rs. Mn)
	2019 (Rs.Mn)	2018 (Rs.Mn)	2017 (Rs.Mn)	2016 (Rs. Mn)	
Statement of Changes in Equity					
Balance at the beginning of the year *	43,846	47,877	45,850	42,819	44,095
Super gain tax	-	-	-	-	(777)
Adjustment on initial application of SLFRS 09, net of tax	-	(2,533)	-	-	-
Adjustment on initial application of SLFRS 16, net of tax	-	-	-	-	-
Balances transferred on amalgamation	-	-	-	-	3,319
Profit for the year	2,074	2,768	4,415	3,289	1,068
Other comprehensive (expenses)/income net of tax	(325)	(2,882)	(1,216)	405	(3,296)
Total comprehensive (expenses)/income for the year	1,749	(114)	3,199	3,693	(2,228)
Increase in ownership interest by the Bank that does not result in change of control	-	-	-	-	-
Change in holding through joint venture	-	-	-	-	-
Preference share dividend paid by subsidiary of joint venture	-	-	-	-	-
Transfer of gains/(losses) on disposal/ write-off of equity investments at fair value through other comprehensive income to retained earnings	-	(63)	-	-	-
Right issue	2,805	-	-	-	-
Forfeiture of unclaimed dividends	6	5	21	-	-
Final dividend approved	(928)	(1,325)	(1,193)	(663)	(1,591)
Dividend distributed to non-controlling interest by subsidiaries					
Balance at the end of the year	47,480	43,846	47,877	45,850	42,819



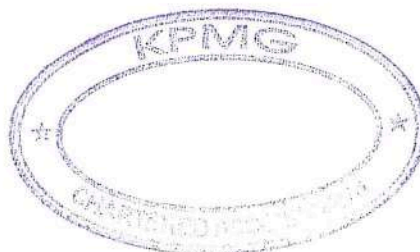
Annexure 1 – Five year summary of Financial Statements (Bank) – Cont.

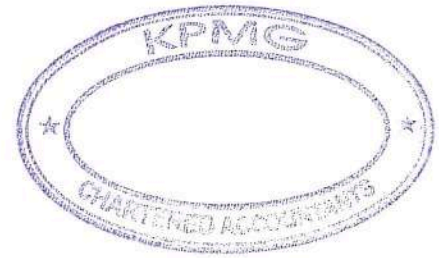
Description	Years ended 31 st December;				31 st December 2015 (09 months (Rs. Mn)
	2019 (Rs.Mn)	2018 (Rs.Mn)	2017 (Rs.Mn)	2016 (Rs. Mn)	
Statement of Cash Flows					
Operating cash flows before changes in operating assets and liabilities	(2,903)	1,974	805	2,300	1,976
(Increase)/decrease in operating assets and operating liabilities	(11,142)	17,544	21,945	(7,238)	(1,205)
Net cash flows (used in)/from operating activities before income tax	(14,045)	19,518	22,750	(4,938)	771
Income tax paid	(1,692)	(318)	(1,405)	(649)	(951)
Net cash flows (used in)/from operating activities	(15,737)	19,200	21,345	(5,587)	(181)
Net cash flows used in investing activities	(5,401)	(15,629)	(1,897)	(620)	(5,205)
Net cash flows from/(used in) financing activities	21,289	(8,904)	(14,332)	7,584	5,213
Net increase/(decrease) in cash and cash equivalents	151	(5,333)	5,116	1,377	(172)
Cash and cash equivalents at the beginning of year	5,465	10,798	5,682	4,305	499
Cash and cash equivalents of DFCC Vardhana Bank PLC as at the date of amalgamation	-	-	-	-	3,979
Cash and cash equivalents at the end of year	5,615	5,465	10,798	5,682	4,305
Reconciliation of cash and cash equivalents with items reported in the statement of financial position					
Cash and cash equivalents	5,450	5,040	4,106	4,331	4,305
Placements with banks	165	425	6,691	1,351	-
Cash and cash equivalents at the end of year	5,615	5,465	10,798	5,682	4,305

Annexure 1 – Five year summary of Financial Statements (Bank) – Cont.

Description	Years ended 31 st December;				31 st December 2015 (09 months) (Rs. Mn)
	2019 (Rs. Mn)	2018 (Rs. Mn)	2017 (Rs. Mn)	2016 (Rs. Mn)	
Performance Indicators					
Return on Average Shareholder Funds (%)*	7.6	7.6	13.4	10.99	5.0
Income Growth (%)	10.6	8.9	34.34	166.58	-3.44
Return on Average Total Assets (%)*	0.78	0.8	1.48	1.3	1.0
Dividends Cover (Times)	2.04	2.09	3.70	4.96	0.70
Property, Equipment and Intangible Assets to Shareholders' Funds (%)	9.3	5.2	3.7	2.5	2.8
Total Assets to Shareholders' Funds (Times)	8.53	8.55	6.95	6.32	5.75
Total Deposit Liabilities to Capital (%)	521.9	552.5	403.8	306.5	259.0
Capital Funds to Liabilities (including Contingent Liabilities) (%)	9.7	9.4	11.4	13.3	15.3
Statutory Liquid Assets Ratio (%)					
- DFCC	24	24	27	27	22
Share Information					
Market Value Per Share (LKR)	91.90	93.00	124	122.5	168.10
Earnings Per Share (LKR)	7.14	10.44	16.65	12.41	4.03
Dividends Per Share (LKR)	3.0	3.50	5.0	4.5	2.50
Net Assets Per Share (LKR)	156.09	165.40	180.60	172.95	161.52
Other Information					
Number of Branches	124	110	101	90	79
Number of Service Centers	15	28	37	47	58
Number of Staff	2,076	1,860	1770	1642	1,445

* After eliminating fair value reserve.





Annexure 2 – Five year summary of Financial Statements (Group)

Description	Years ended 31 st December;				31 st December 2015 (09 months (Rs. Mn)
	2019 (Rs. Mn)	2018 (Rs. Mn)	2017 (Rs. Mn)	2016 (Rs. Mn)	
Operating Results					
Income	43,648	39,448	35,987	26,980	17,503
Interest Income	42,062	38,150	32,995	24,206	15,309
Interest Expense	29,363	25,691	21,597	15,263	8,923
Net Interest Income	12,699	12,459	11,397	8,943	6,385
Non-Interest Income	1,467	1,230	2,992	2,773	2,185
Profit Before Income Tax and VAT	4,666	5,828	7,165	5,499	3,064
Profit Before Income Tax	3,308	4,676	5,891	4,674	2,553
Profit After Tax	2,300	3,070	4,434	3,469	1,642
Financial Position					
Assets					
Cash, Placements with Banks and Statutory Deposit with CBSL	14,326	17,332	21,390	13,823	9,871
Loans and Receivables	281,221	262,589	224,660	198,085	164,945
Investments	101,864	86,255	82,369	73,904	68,109
Property, Equipment and Intangible Assets	4,675	2,562	1,873	1,251	1,290
Other Assets	4,826	8,024	4,176	4,151	2,894
Total Assets	406,912	376,762	334,468	291,214	247,109
Liabilities					
Deposits from Customers	247,458	241,915	192,920	140,220	110,551
Borrowings	71,902	56,835	50,932	58,839	60,321
Debt securities Issued (Include debentures)	31,008	25,753	33,647	38,385	27,060
Deferred Tax Liability	97	90	1,232	874	880
Other Liabilities	7,020	6,510	6,336	5,786	4,329
Total Liabilities	357,485	331,106	285,066	244,104	203,141
Equity					
Stated Capital	7,530	4,716	4,716	4,716	4,716
Statutory Reserve Fund	2,462	2,358	2,224	2,004	1,834
Investment Fund Account	-	-	-	-	-
Retained Earnings	21,278	20,107	17,360	14,231	11,506
Other Reserves	17,893	18,217	24,825	25,899	25,659
Non-Controlling Interests	263	258	277	260	253
Total Equity	49,426	45,656	49,402	47,110	43,968
Total Liabilities and Equity	406,912	376,762	334,468	291,214	247,109
Contingent Liabilities and Commitments	130,590	137,144	135,571	101,452	76,015

Annexure 2 – Five year summary of Financial Statements (Group) cont-

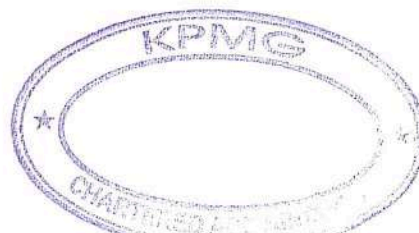
Description	Years ended 31 st December;				31 st December 2015 (09 months) (Rs. Mn)
	2019 (Rs. Mn)	2018 (Rs. Mn)	2017 (Rs. Mn)	2016 (Rs. Mn)	
Statement of Changes in Equity					
Balance at the beginning of the year *	45,656	49,402	47,110	43,968	48,263
Super gain tax	-	-	-	-	(811)
Adjustment on initial application of SLFRS 09, net of tax	-	(2,518)	-	-	-
Adjustment on initial application of SLFRS 16, net of tax	(7)	-	-	-	-
Balances transferred on amalgamation	-	-	-	-	-
Profit for the year	2,300	3,070	4,434	3,469	1,642
Other comprehensive (expenses)/income net of tax	(325)	(2,842)	(1,032)	383	(3,358)
Total Comprehensive (expenses)/income for the year	1,975	229	3,401	3,852	1,717
Transfers	-	(63)	-	-	-
Increase in ownership interest by the Bank that does not result in change of control	-	-	-	-	(122)
Change in holding through joint venture	-	4	117	(1)	10
Preference share dividend paid by subsidiary of joint venture	-	-	-	-	(7)
Transfer of gains/(losses) on disposal/ write-off of equity investments at fair value through other comprehensive income to retained earnings	-	-	-	-	-
Right issue	2,805	-	-	-	-
Forfeiture of unclaimed dividends	6	5	21	-	-
Final dividend approved	(928)	(1,325)	(1,193)	(663)	(1,591)
Dividend distributed to non-controlling interest by subsidiaries	(82)	(78)	(55)	(47)	(57)
Balance at the end of the year	49,426	45,656	49,402	47,110	43,968

* In 2015 - Balance as at 01.04.2015



Annexure 2 – Five year summary of Financial Statements (Group) cont-

Description	Years ended 31 st December;				31 st
	2019 (Rs. Mn)	2018 (Rs. Mn)	2017 (Rs. Mn)	2016 (Rs. Mn)	December 2015 (09 months (Rs. Mn)
Statement of Cash Flows					
Operating cash flows before changes in operating assets and liabilities	(2,632)	2,296	1,034	2,465	3,746
(Increase)/decrease in operating assets and operating liabilities	(11,096)	17,574	21,839	(6,968)	(12,321)
Net cash flows (used in)/from operating activities before income tax	(13,729)	19,870	22,873	(4,503)	(8,575)
Income tax paid	(1,747)	(347)	(1,455)	(694)	(1,248)
Net cash flows (used in)/from operating activities	(15,476)	19,524	21,417	(5,198)	(9,823)
Net cash flows used in investing activities	(5,468)	(15,871)	(1,953)	(762)	(9,293)
Net cash flows from/(used in) financing activities	21,114	(8,995)	(14,393)	7,403	18,227
Net increase/(decrease) in cash and cash equivalents	170	(5,343)	5,072	1,444	(889)
Cash and cash equivalents at the beginning of year	5,490	10,832	5,760	4,316	5,205
Cash and cash equivalents of DFCC Vardhana Bank PLC as at the date of amalgamation	-	-	-	-	-
Cash and cash equivalents at the end of year	5,660	5,490	10,832	5,760	4,316
Reconciliation of cash and cash equivalents with items reported in the statement of financial position					
Cash and cash equivalents	5,460	5,050	4,120	4,344	4,314
Placements with banks	200	440	6,712	1,416	2
Cash and cash equivalents at the end of year	5,660	5,490	10,832	5,760	4,316



Annexure 2 – Five year summary of Financial Statements (Group) cont-

Description	Years ended 31 st December;				31 st December 2015 (09 months) (Rs. Mn)
	2019 (Rs. Mn)	2018 (Rs. Mn)	2017 (Rs. Mn)	2016 (Rs. Mn)	
Performance Indicators					
Return on Average Shareholder Funds (%)*	5.32	7.70	12.08	10.3	5.6
Income Growth (%)	10.6	9.6	33.38	54.15	(12.89)
Return on Average Total Assets (%)*	0.59	0.88	1.47	1.4	0.8
Dividends Cover (Times) **	2.54	3.25	3.7	4.96	0.7
Property, Equipment and Intangible Assets to Shareholders' Funds (%)	9.5	5.3	3.8	2.7	2.93
Total Assets to Shareholders' Funds (Times)	8.23	8.25	6.77	6.18	5.62
Total Deposit Liabilities to Capital (%)	501%	530%	391	298	251
Capital Funds to Liabilities (including Contingent Liabilities) (%)	10.13	9.75	13.63	11.74	15.75
Statutory Liquid Assets Ratio (%)					
- DFCC **	26.89	23.90	27	27	22
Share Information					
Market Value Per Share (LKR) **	91.90	93.00	124	122.5	168.10
Earnings Per Share (LKR)	7.62	11.36	16.45	12.88	6.01
Dividends Per Share (LKR) **	3.00	3.50	5.0	4.5	2.50
Net Assets Per Share (LKR)	161.62	171.25	185.31	176.73	164.90
Other Information					
Number of Branches	124	110	101	90	79
Number of Service Centers	15	28	37	47	58
Number of Staff	2,192	1,963	1869	1760	1,659

* After eliminating fair value reserve.

** Reported only for the Bank.

