



Interim Financial Results for the Six Months Ended 30 June 2019

This commentary relates to the interim non audited financial statements for the six months ended 30 June 2019 presented in accordance with Sri Lanka Accounting Standard 34 (LKAS 34) on “Interim Financial Statements”. 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

Core business of DFCC Bank posted a profit before tax of LKR 2,056 million and profit after tax of LKR 1,588 million for the quarter ended 30 June 2019 compared to profit before tax of LKR 2,373 million and profit after tax of LKR 1,837 million in the comparative period. After accounting for the one-off fair value loss on Commercial Bank of Ceylon PLC shares transferred to the trading portfolio, the Bank reported a profit before tax of LKR 1,205 million and profit after tax of LKR 737 million in comparison to profit before tax of LKR 1,843 million and a profit after tax of LKR 1,308 million in the comparative period.

Operating Income

The Bank recorded total operating income from core business amounting to LKR 7,037 million for the period ended 30 June 2019 compared to LKR 6,867 in the comparative period in 2018 which is an increase of 2%. After accounting for the impact of high fair value loss in the investment of Commercial Bank of Ceylon PLC, the operating income reflects a decline of 5%. Further, a growth of 4% was recorded in fees and commission income to LKR 945 million in period of six months in 2019 from LKR 906 million in comparative period of six months in 2018. This is the outcome of a focus on non-funded business.

Operating Expenses

DFCC Bank sustained its aggressive branch expansion, increasing its footprint in strategic locations from January to June 2019. Operating expenses increased from LKR 3,175 million to LKR 3,523 million (11%) compared to the corresponding period in the previous year. The recently opened Super Grade Branch at Lake House premises has become a significant customer touch point as it provides a greater customer experience with digitalized platforms. The DFCC MySpace, self banking platform has been able to attract a significant number of new customers to this location due to easy transaction facilities available 24x7 / 365 days of the year.

Impairment

The Bank's impairment provision during the period ending 30 June 2019 was LKR 476 million which is a reduction compared to a sum of LKR 649 million provided in the comparable period. The Bank continued to identify Small and Medium Enterprises (SMEs) as a separate segment in adopting the Circular No 6 of 2019 issued by Central Bank of Sri Lanka in the financial statements for the period ended 30 June 2019.

DFCC's NPL ratio moved up to 4.63% as at 30 June 2019 from 3.28% in December 2018. This reflected an industry-wide trend, which was consequent to the challenging business environment that prevailed during the period. The ratio has however been managed at a level below the industry average.

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 2,015 million and net fair value gain of LKR 1,789 million were recorded on account of equity securities and fixed income securities respectively. The drop in the share price of Commercial Bank of Ceylon PLC during the period mainly contributed to the reported loss of equity securities, while prices of treasury bills and bonds were favourably impacted by decline in interest rates of government securities. Over the last few weeks Commercial Bank share price has seen a surge, and should this continue, we should see a reversal of the marked to market losses.

Statement of Financial Position

Assets

Reflecting its measured growth strategy, DFCC's Total Assets grew by LKR 25,081 million to LKR 399,988 million on 30 June 2019, which is a 7% growth on 31 December 2018. Within this, the Bank's loan portfolio grew by LKR 7,876 million to LKR 257,610 million compared to LKR 249,734 million as at 31 December 2018, which is a growth of 3%. The Bank lent prudently and did not pursue aggressive growth particularly to sectors that exhibited stress.

Liabilities

DFCC's deposit base experienced a growth of 5% recording an increase of LKR 12,328 million to LKR 254,566 million from LKR 242,238 million as at 31 December 2018. 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 loan to deposit ratio of 101% in June 2019 from 103% in December 2018. The Bank's CASA ratio, which represents the proportion of low cost deposits in the total deposits of the Bank, was 24.4% as at 30 June 2019. 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 30.5% as at 30 June 2019.

Capital Management

DFCC Bank has always 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 30 June 2019, DFCC recorded Tier 1 and total capital adequacy ratios of 11.40% and 16.59% respectively. Thanks to the Right Issue, the bank has improved Tier 1 and total capital adequacy ratio to well over the minimum regulatory requirements of 8.5% and 12.5% effective 2019.

Lakshman Silva
Director/Chief Executive Officer
30 July 2019

DFCC Bank PLC
Income Statement

Notes	Bank						Group					
	For the period ended			For the quarter ended			For the period ended			For the quarter ended		
	30.06.2019 LKR 000	30.06.2018 LKR 000 (Restated)	Change %	30.06.2019 LKR 000	30.06. 2018 LKR 000 (Restated)	Change %	30.06.2019 LKR 000 (Restated)	30.06.2018 LKR 000 (Restated)	Change %	30.06.2019 LKR 000 (Restated)	30.06. 2018 LKR 000 (Restated)	Change %
Income	20,533,864	18,528,736	11	10,349,030	8,995,065	15	20,760,006	18,701,261	11	10,460,351	9,100,512	15
Interest income	20,983,449	18,122,500	16	10,775,409	9,386,097	15	20,984,567	18,127,559	16	10,775,944	9,388,157	15
Interest expense	14,581,471	12,281,654	19	7,634,938	6,500,706	17	14,560,950	12,261,921	19	7,624,387	6,492,040	17
Net interest income	6,401,978	5,840,846	10	3,140,471	2,885,391	9	6,423,617	5,865,638	10	3,151,557	2,896,117	9
Fee and commission income	945,314	906,141	4	478,037	471,756	1	943,788	906,074	4	476,585	471,689	1
Fee and commission expenses	-	-	-	-	-	-	-	-	-	-	-	-
Net fee and commission income	945,314	906,141	4	478,037	471,756	1	943,788	906,074	4	476,585	471,689	1
Net loss from trading	(603,299)	(238,542)	153	(189,632)	(531,466)	(64)	(603,299)	(238,542)	153	(189,632)	(531,466)	(64)
Net fair value (losses) / gains from financial instruments at fair value through profit or loss	(1,729,798)	64,973	(2,762)	552,734	58,769	841	(1,729,798)	64,973	(2,762)	552,734	58,769	841
Net gains from derecognition of financial assets	-	5,438	(100)	-	2,810	(100)	-	5,438	(100)	-	2,810	(100)
Fair value through profit or loss	66,436	2,771	2,297	4,818	-	100	66,436	2,771	2,297	4,818	-	100
Fair value through other comprehensive income	871,762	(334,545)	361	(1,272,336)	(392,901)	224	1,098,312	(167,012)	(758)	(1,160,098)	(289,447)	301
Net other operating income	7											
Total operating income	5,952,393	6,247,082	(5)	2,714,092	2,494,359	9	6,199,056	6,439,340	(4)	2,835,964	2,608,472	9
Impairment charge / (reversal) for loans and other losses												
- Loans to and receivables from other customers	492,502	634,226	(22)	469,494	80,922	480	492,502	634,226	(22)	469,494	80,922	480
- Other financial assets	(49,748)	(412)	11,975	(21,311)	15,666	(236)	(49,748)	(412)	11,975	(21,311)	15,666	(236)
- Others	33,178	14,800	124	16,308	9,630	69	33,178	14,800	124	16,308	9,630	69
Net operating income	5,476,461	5,598,468	(2)	2,249,601	2,388,141	(6)	5,723,124	5,790,726	(1)	2,371,473	2,502,254	(5.23)
Operating expenses												
Personnel expenses	1,782,657	1,720,894	4	889,096	865,216	3	1,872,133	1,793,690	4	934,281	889,992	5
Depreciation and amortisation	390,842	215,018	82	201,933	109,163	85	418,335	243,717	72	215,097	126,765	70
Other expenses	1,349,286	1,238,790	9	681,971	621,020	10	1,354,835	1,223,984	11	677,582	616,622	10
Total operating expenses	3,522,785	3,174,702	11	1,773,000	1,595,399	11	3,645,303	3,261,391	12	1,826,960	1,633,379	12
Operating profit before value added tax, nation building tax and debt repayment levy on financial services	1,953,676	2,423,766	(19)	476,601	792,742	(40)	2,077,821	2,529,335	(18)	544,513	868,875	(37)
Value added tax, nation building tax and debt repayment levy on financial services	748,819	580,688	29	273,209	226,788	20	748,819	580,688	29	273,209	226,788	20
Operating profit after value added tax, nation building tax and debt repayment levy on financial services	1,204,857	1,843,078	(35)	203,392	565,954	(64)	1,329,002	1,948,647	(32)	271,304	642,087	(58)
Share of profits of associate and joint venture	-	-	-	-	-	-	83,389	88,587	(6)	49,572	65,753	(25)
Profit before tax	1,204,857	1,843,078	(35)	203,392	565,954	(64)	1,412,391	2,037,234	(31)	320,876	707,840	(55)
Income tax expense	467,437	535,525	(13)	6,564	326,469	(98)	506,108	578,941	(13)	26,665	353,587	(92)
Profit for the period	737,420	1,307,553	(44)	196,828	239,485	(18)	906,283	1,458,293	(38)	294,211	354,253	(17)
Profit attributable to:												
Equity holders of the Bank	737,420	1,307,553	(44)	196,828	239,485	(18)	861,843	1,422,564	(39)	271,311	340,019	(20)
Non-controlling interests	-	-	-	-	-	-	44,440	35,729	24	22,900	14,234	61
Profit for the period	737,420	1,307,553	(44)	196,828	239,485	(18)	906,283	1,458,293	(38)	294,211	354,253	(17)
Basic earnings per ordinary share (LKR)	2.67	4.93	(46)	0.71	0.90	(21)	3.28	5.50	(40)	1.06	1.34	(20)

Comparison of results - Core Business

	Bank						Group					
	For the period ended			For the quarter ended			For the period ended			For the quarter ended		
	30.06.2019 LKR 000	30.06.2018 LKR 000 (Restated)	Change %	30.06.2019 LKR 000	30.06. 2018 LKR 000 (Restated)	Change %	30.06.2019 LKR 000 (Restated)	30.06.2018 LKR 000 (Restated)	Change %	30.06.2019 LKR 000 (Restated)	30.06. 2018 LKR 000 (Restated)	Change %
Profit for the period – reported	737,420	1,307,553	(44)	196,828	239,485	(18)	906,283	1,458,293	(38)	294,211	354,253	(17)
Marked-to-market loss / (gain) on equity shares of Commercial Bank of Ceylon PLC, net of taxes	851,066	529,574	61	267,892	563,742	(52)	851,066	529,574	61	267,892	563,742	(52)
Profit for the period from core activities	1,588,486	1,837,127	(14)	464,720	803,227	(42)	1,757,349	1,987,867	(12)	562,103	917,995	(39)

DFCC Bank PLC
Statement of Comprehensive Income

	Bank						Group					
	For the period ended			For the quarter ended			For the period ended			For the quarter ended		
	30.06.2019 LKR 000	30.06.2018 LKR 000 (Restated)	Change %	30.06.2019 LKR 000	30.06.2018 LKR 000 (Restated)	Change %	30.06.2019 LKR 000	30.06.2018 LKR 000 (Restated)	Chang %	30.06.2019 LKR 000	30.06.2018 LKR 000 (Restated)	Change %
Profit for the period	737,420	1,307,553	(44)	196,828	239,485	(18)	906,283	1,458,293	(38)	294,211	354,253	(17)
Other comprehensive income / (expenses) for the period, net of tax												
Items that will be reclassified to income statement												
Net change in fair value through other comprehensive income financial assets	1,899,161	(371,160)	612	1,185,845	(66,256)	(1,890)	1,899,161	(371,160)	612	1,185,845	(66,256)	(1,890)
Net amount transferred to income statement on disposal of fair value through other comprehensive income financial assets	(110,241)	(42,797)	(158)	-	(29,691)	(100)	(110,241)	(42,797)	(158)	-	(29,691)	(100)
Share of other comprehensive expenses of equity accounted joint venture and associate	-	-	-	-	-	-	(15,650)	6,034	359	5,525	9,945	(44)
Net gain /(loss) on cash flow hedges												
Effective portion of changes in fair value	(377,145)	-	(100)	(83,242)	-	(100)	(377,145)	-	(100)	(83,242)	-	(100)
Reclassified to profit or loss	194,400	-	100	(31,200)	-	(100)	194,400	-	100	(31,200)	-	(100)
Deferred tax effect relating to fair value through other comprehensive income financial assets	(449,710)	115,908	(488)	(299,991)	26,865	1,217	(449,710)	115,908	488	(299,991)	26,865	1,217
Total other comprehensive income / (expenses) that will be reclassified to income statement	1,156,465	(298,049)	488	771,412	(69,082)	(1,217)	1,140,815	(292,015)	491	776,937	(59,137)	(1,414)
Items that will not be reclassified to income statement												
Losses on remeasurement of defined benefit plans	-	-	-	-	-	-	(49)	(119)	(59)	(49)	-	(100)
Net loss on equity instruments measured at fair value through other comprehensive income	(2,015,184)	(1,260,940)	60	(607,844)	(1,278,727)	(52)	(2,015,184)	(1,260,940)	60	(607,844)	(1,278,727)	(52)
Deferred tax effect relating to items that will not be reclassified to income statement	-	-	-	-	-	-	15	-	100	15	-	100
Total other comprehensive expenses on items that will not be reclassified to income statement	(2,015,184)	(1,260,940)	60	(607,844)	(1,278,727)	(52)	(2,015,218)	(1,261,059)	60	(607,878)	(1,278,727)	(52)
Other comprehensive (expenses)/income for the period, net of tax	(858,719)	(1,558,989)	45	163,568	(1,347,809)	(112)	(874,403)	(1,553,074)	44	169,059	(1,337,864)	(113)
Total comprehensive (expenses) / income for the period	(121,299)	(251,436)	(52)	360,396	(1,108,324)	(133)	31,880	(94,781)	(134)	463,270	(983,611)	(147)
Total comprehensive (expenses) /income attributable to:												
Equity holders of the Bank	(121,299)	(251,436)	(52)	360,396	(1,108,324)	(133)	(12,543)	(130,510)	(90)	440,386	(997,904)	(144)
Non-controlling interests	-	-	-	-	-	-	44,423	35,729	24	22,884	14,293	60
Total comprehensive (expenses) / income for the period	(121,299)	(251,436)	(52)	360,396	(1,108,324)	(133)	31,880	(94,781)	(134)	463,270	(983,611)	(147)

DFCC Bank PLC
Statement of Financial Position

As at	Notes	Bank			Group		
		30.06.2019	31.12.2018	Change	30.06.2019	31.12.2018	Change
		LKR 000	(Audited) LKR 000	%	LKR 000	(Audited) LKR 000	%
Assets							
Cash and cash equivalents		6,444,704	5,039,629	28	6,453,207	5,049,823	28
Balances with Central Bank of Sri Lanka		9,273,141	11,841,814	(22)	9,273,141	11,841,814	(22)
Placements with banks		11,005,577	425,087	2,489	11,133,463	439,727	2,432
Derivative assets held - for - risk - management		1,068,487	3,414,549	(69)	1,068,487	3,414,549	(69)
Financial assets measured at fair value through profit or loss		5,008,376	6,078,862	(18)	5,008,376	6,078,862	(18)
Financial assets at amortised cost - Loans to and receivables from banks		8,239,988	12,854,880	(36)	8,239,988	12,854,880	(36)
Financial assets at amortised cost -Loans to and receivables from other customers	8	257,610,196	249,733,718	3	257,610,196	249,733,718	3
Financial assets at amortised cost - Debt and other instruments.		24,241,365	22,874,088	6	24,241,365	22,874,088	6
Financial assets measured at fair value through other comprehensive income		69,114,961	55,313,553	25	69,114,961	55,313,553	25
Investments in subsidiaries		167,036	167,036	-	-	-	-
Investments in associate		35,270	35,270	-	30,610	31,107	(2)
Investments in joint venture		755,000	755,000	-	2,025,693	1,957,455	3
Due from subsidiaries		7,587	9,505	(20)	-	-	-
Investment properties		9,879	9,879	-	479,033	496,559	(4)
Property, plant and equipment		2,771,075	1,620,375	71	2,859,185	1,718,904	66
Intangible assets		696,042	668,834	4	711,431	686,288	4
Goodwill on consolidation		-	-	-	156,226	156,226	-
Deferred tax asset		238,618	491,523	(51)	239,699	492,678	(51)
Other assets		3,301,178	3,574,276	(8)	3,430,790	3,621,780	(5)
Total assets		399,988,480	374,907,878	7	402,075,851	376,762,011	7
Liabilities							
Due to banks		14,992,689	9,446,464	59	14,992,689	9,446,464	59
Derivative liabilities held- for- risk -management		720,602	121,373	494	720,602	121,373	494
Financial liabilities at amortised cost - Due to depositors	9	254,565,729	242,237,596	5	254,253,474	241,914,870	5
Financial liabilities at amortised cost - Due to other borrowers		47,448,509	47,413,727	0	47,448,509	47,388,679	0
Debt securities issued		13,314,365	8,898,441	50	13,314,365	8,898,441	50
Retirement benefit obligation		431,726	408,704	6	456,337	433,315	5
Current tax liability		1,047,771	1,221,117	(14)	1,100,024	1,294,540	(15)
Deferred tax liability		-	-	-	87,723	90,402	(3)
Other liabilities		5,111,754	4,458,721	15	5,383,844	4,662,423	15
Subordinated term debt		16,747,685	16,855,352	(1)	16,747,685	16,855,352	(1)
Total liabilities		354,380,830	331,061,495	7	354,505,252	331,105,859	7
Equity							
Stated capital		7,530,371	4,715,814	60	7,530,371	4,715,814	60
Statutory reserves		2,358,275	2,358,275	-	2,358,275	2,358,275	(0)
Retained earnings		16,992,691	17,187,262	(1)	20,033,396	20,107,150	(0)
Other reserves		18,726,313	19,585,032	(4)	17,345,910	18,216,689	(5)
Total equity attributable to equity holders of the Bank		45,607,650	43,846,383	4	47,267,952	45,397,928	4
Non-controlling interests		-	-	-	302,647	258,224	17
Total equity		45,607,650	43,846,383	4	47,570,599	45,656,152	4
Total equity and liabilities		399,988,480	374,907,878	7	402,075,851	376,762,011	7
Contingent liabilities and commitments							
		143,284,166	137,143,668	4	143,284,166	137,143,668	4
Net assets value per share, LKR		149.93	165.40	(9)	155.39	171.25	(9)

Information on shares of the Bank for the quarter ended

	30.06.2019	31.12.2018
- Highest price LKR	77	101
- Lowest price LKR	67	87
- Market price LKR	72	93

	Bank		Group	
	30.06.2019	31.12.2018	30.06.2019	31.12.2018
Memorandum Information				
Number of Employees	1,967	1,860	2,079	1,963
Number of Branches	114	110		
Extension offices and postal units	25	28		

Statement of Changes in Equity

		Statutory reserves	Other reserves				
	Stated Capital LKR 000	Reserve fund LKR 000	Fair value reserve LKR 000	Hedging reserve LKR 000	General reserves LKR 000	Retained earnings LKR 000	Total equity LKR 000
Bank							
Balance as at 01.01.2018	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	-	-	(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 period	-	-	-	-	-	1,307,553	1,307,553
Other comprehensive expenses, net of tax	-	-	(1,558,989)	-	-	-	(1,558,989)
Total comprehensive (expenses)/income for the period	-	-	(1,558,989)	-	-	1,307,553	(251,436)
Transfer of gains / (losses) on disposal / write off of equity investments at fair value through other comprehensive income to retained earnings	-	-	(62,673)	-	-	46,601	(16,072)
Transactions with equity holders, recognised directly in equity							
Final dividend approved on 20.02.2018	-	-	-	-	-	(1,325,489)	(1,325,489)
Total contributions from and distribution to equity holders	-	-	-	-	-	(1,325,489)	(1,325,489)
Balance as at 30.06.2018	4,715,814	2,224,275	7,126,010	-	13,779,839	15,904,755	43,750,693
Balance as at 01.01.2019							
Balance as at 01.01.2019	4,715,814	2,358,275	5,745,025	60,168	13,779,839	17,187,262	43,846,383
Profit for the period	-	-	-	-	-	737,420	737,420
Other comprehensive expenses, net of tax	-	-	(727,143)	(131,576)	-	-	(858,719)
Total comprehensive (expenses) / income for the period	-	-	(727,143)	(131,576)	-	737,420	(121,299)
Transfer of gains on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	-	-	-	4,886	4,886
Transactions with equity holders, recognised directly in equity							
Final dividend approved on 18.02.2019	-	-	-	-	-	(927,841)	(927,841)
Rights issue	2,814,557	-	-	-	-	(9,036)	2,805,521
Total contributions from and distribution to equity holders	2,814,557	-	-	-	-	(936,877)	1,877,680
Balance as at 30.06.2019	7,530,371	2,358,275	5,017,882	(71,408)	13,779,839	16,992,691	45,607,650

Statement of Changes in Equity

Group	Attributable to the equity holders of the Bank									
	Stated Capital	Statutory reserves		Other reserves			Retained earnings	Total	Non- controlling interests	Total
		Reserve fund	Fair value reserve	Exchange equalisation reserve	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 01.01.2018	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	-	-	(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 period	-	-	-	-	-	-	1,422,564	1,422,564	35,729	1,458,293
Other comprehensive (expenses) / income, net of tax	-	-	(1,561,873)	8,916	-	-	(60)	(1,553,017)	(58)	(1,553,075)
Total comprehensive (expenses) / income for the period	-	-	(1,561,873)	8,916	-	-	1,422,504	(130,453)	35,671	(94,782)
Transfer of gains / (losses) on disposal / write off of equity investments at fair value through other comprehensive income to retained earnings	-	-	(62,673)	-	-	-	46,601	(16,072)	-	(16,072)
Transactions with equity holders, recognised directly in equity										
Change in holding through joint venture	-	-	-	-	-	-	760	760	-	760
Final dividend approved on 20.02.2018	-	-	-	-	-	-	(1,325,489)	(1,325,489)	-	(1,325,489)
Total contributions from and distribution to equity holders	-	-	-	-	-	-	(1,324,729)	(1,324,729)	-	(1,324,729)
Balance as at 30.06.2018	4,715,814	2,224,275	5,700,813	21,977	-	13,779,839	18,693,506	45,136,224	312,543	45,448,767
Balance at 01.01.2019	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
Profit for the period	-	-	-	-	-	-	861,843	861,843	44,440	906,283
Other comprehensive (expenses) / income, net of tax	-	-	(722,666)	(20,126)	(131,576)	-	(18)	(874,386)	(17)	(874,403)
Total comprehensive (expenses) / income for the period	-	-	(722,666)	(20,126)	(131,576)	-	861,825	(12,543)	44,423	31,880
Transfer of gains on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	3,589	-	-	-	1,297	4,886	-	4,886
Transactions with equity holders, recognised directly in equity										
Final dividend approved on 18.02.2019	-	-	-	-	-	-	(927,841)	(927,841)	-	(927,841)
Rights issue	2,814,557	-	-	-	-	-	(9,036)	2,805,521	-	2,805,521
Total contributions from and distribution to equity holders	2,814,557	-	-	-	-	-	(936,877)	1,877,680	-	1,877,680
Balance as at 30.06.2019	7,530,371	2,358,275	3,574,770	62,709	(71,408)	13,779,839	20,033,396	47,267,952	302,647	47,570,598

Statement of Cash Flows

	Bank		Group	
For the six months ended 30 June	2019 LKR 000	2018 LKR 000	2019 LKR 000	2018 LKR 000
Cash flows from operating activities				
Interest receipts	15,517,451	13,381,373	15,515,380	13,380,397
Interest payments	(16,183,332)	(12,706,930)	(16,164,943)	(12,670,963)
Net commission receipts	945,314	906,141	945,314	906,141
Net Trading Income	20,371	8,394	20,371	8,394
Recoveries on loans previously written off	1,012	7,818	1,012	7,818
Receipts from other operating activities	1,128,596	1,337,093	1,436,171	1,645,025
Payments on other operating activities	(1,658,612)	(1,521,481)	(1,658,612)	(1,673,837)
Cash payments to employees	(1,844,190)	(1,865,780)	(2,027,444)	(1,865,780)
Value added tax, nation building tax and debt repayment levy on financial services	(674,337)	(666,826)	(674,346)	(666,844)
Operating Cash flows before changes in operating assets and liabilities	(2,747,727)	(1,120,198)	(2,607,097)	(929,649)
(Increase) / decrease in operating assets:				
Balances with Central Bank / Deposits held for regulatory or monetary control purposes	2,318,671	(1,451,193)	2,318,671	(1,451,192)
Financial Assets at amortised cost - Loans to and receivables from other customers	(7,582,558)	(26,752,660)	(7,582,558)	(26,752,660)
Others	1,082,310	362,904	1,080,663	328,734
Increase /(decrease) in operating liabilities:				
Financial liabilities at amortised cost - due to depositors	13,852,731	15,105,970	13,854,935	15,072,482
Negotiable certificates of deposits	(27,138)	7,328	(27,138)	7,328
Others	1,683,162	(564,925)	1,683,163	(565,285)
Net cash flows from/ (used in) operating activities before income tax	8,579,451	(14,412,774)	8,720,639	(14,290,242)
Income tax paid	(796,605)	(449,490)	(855,047)	(457,042)
Net cash flows from/ (used in) operating activities	7,782,846	(14,862,264)	7,865,592	(14,747,284)
Cash flows from investing activities				
Dividends received	355,201	394,957	351,701	394,957
Interest received	3,478,444	3,326,845	3,493,614	3,345,239
Government Securities- net	(12,122,729)	(5,250,289)	(12,122,727)	(5,250,289)
Proceeds from sale and redemption of securities	159,658	862,916	184,658	862,918
Purchase of financial investments	(36,732)	(305,110)	(36,732)	(307,059)
Purchase of property , equipment ,intangibles and investment property	(104,565)	(664,371)	(105,410)	(813,629)
Proceeds from sale of equipment and investment property	10,524	-	10,505	-
Net cash used in investing activities	(8,260,199)	(1,635,052)	(8,224,391)	(1,767,863)
Cash flows from financing activities				
Issue of new shares under Right Issue	2,814,557	-	2,814,557	-
Issue of debentures	10,000,000	7,000,000	10,000,000	7,000,000
Redemption of debentures	(5,315,450)	-	(5,315,450)	-
Borrowing , medium and long - term	7,877,365	5,720,813	7,877,365	5,720,813
Other borrowings - net	481,016	3,911,000	481,016	3,911,000
Repayment of borrowing ,medium and long - term	(2,473,102)	(2,045,995)	(2,473,102)	(2,045,995)
Dividends paid	(921,468)	(1,280,107)	(928,467)	(1,280,106)
Net Cash flows from financing activities	12,462,918	13,305,711	12,455,919	13,305,712
Net (increase) / decrease in cash & cash equivalents	11,985,565	(3,191,605)	12,097,120	(3,209,435)
Cash & cash equivalents at the beginning of year	5,464,716	10,797,606	5,489,550	10,832,361
Cash and cash equivalents at the end of the period	17,450,281	7,606,001	17,586,670	7,622,926
Reconciliation of cash & cash equivalents with items reported in the statement of financial position				
Cash and cash equivalents	6,444,704	4,961,584	6,453,207	4,962,704
Placements with banks	11,005,577	2,644,417	11,133,463	2,660,222
	17,450,281	7,606,001	17,586,670	7,622,926

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 presented in accordance with the Sri Lanka Accounting Standards 34 (LKAS 34) "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.

Note 2. Accounting Policies and Accounting Estimates

There are no changes to the accounting policies and method of computation since the publication of the last annual financial statements except for;

1. SLFRS 16 - "Leases" effective from 1st January 2019 requires recognizing lease liabilities and right-of-use assets for some leases classified as operating leases under LKAS 17 "Leases".

2. Circular No 6 of 2019 on the adoption of Sri Lanka Accounting Standard - SLFRS 9 "Financial Instruments" issued by the Bank Supervision Department of Central Bank of Sri Lanka.

Note 3 Comparative Figures

Comparative figures have been re-stated/re-classified where necessary, to conform to the current period presentation.

The following line items of the Interim Financial Statements for the quarter ended 30.06.2018 were restated due to the adoption of SLFRS 9 and the circular No. 02 of 2019 issued by the Bank Supervision Department of the Central Bank of Sri Lanka.

	Restated	As previously
	LKR 000	Reported
		LKR 000
Income	18,528,736	19,943,545
Interest income	18,122,500	18,837,488
Net (loss) / gain from trading	(238,542)	171,593
Net fair value (losses) / gains from financial instruments at fair value through profit or loss	64,973	103,833
Net gain from financial investments	-	783,853
Net gains from derecognition of financial assets		
Fair value through profit or loss	5,438	-
Fair value through other comprehensive income	2,771	-
Net other operating income	(334,545)	(859,363)
Impairment charge / (reversal) for loans and other losses	648,614	1,407,319
Other expenses	1,238,790	1,242,323
Value added tax, nation building tax and debt repayment levy on financial services	580,688	674,646
Profit before tax	1,843,078	2,401,691
Income tax expense	535,525	691,750
Profit for the period	1,307,553	1,709,941
Other comprehensive expenses for the period, net of tax	(1,558,989)	(2,205,141)

* Group Financial Statements also have been restated accordingly.

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

Note 4.1 31 March Financial Year Company

This is Lanka Industrial Estates Ltd.

Note 5. Net loss from trading

For the six months ended 30th June

	Bank		Group	
	2019	2018	2019	2018
	LKR 000	LKR 000	LKR 000	LKR 000
		(Restated)		(Restated)
Foreign exchange from banks	255,907	168,041	255,907	168,041
Government securities				-
- Net marked to market loss	-	(172)	-	(172)
- Net capital gain/(loss)	20,370	(3,553)	20,370	(3,553)
Equity securities				-
Net marked to market loss	(1,084,574)	(619,601)	(1,084,574)	(619,601)
Net capital gain	2,447	7,080	2,447	7,080
Dividend income	202,551	209,663	202,551	209,663
	(603,299)	(238,542)	(603,299)	(238,542)

Note 6. Net fair value (losses) / gains from financial instruments at fair value through profit or loss

For the six months ended 30th June

	Bank		Group	
	2019	2018	2019	2018
	LKR 000	LKR 000	LKR 000	LKR 000
		(Restated)		(Restated)
Forward exchange fair value changes				
Contracts with commercial banks (Note 6.1)	(1,660,464)	146,040	(1,660,464)	146,040
Contracts with CBSL	-	(59,082)	-	(59,082)
Interest rate swap fair value changes	(4,671)	16,876	(4,671)	16,876
Loss on financial assets fair value through profit or loss - equity securities	(64,663)	(38,861)	(64,663)	(38,861)
	(1,729,798)	64,973	(1,729,798)	64,973

Note 6.1

The bank has applied the fair value hedge accounting for a part of its foreign currency liabilities using forward contracts during the period ended 30th June 2019

Note 7. Net Other Operating Income

For the six months ended 30th June

	Bank		Group	
	2019	2018	2019	2018
	LKR 000	LKR 000	LKR 000	LKR 000
		(Restated)		(Restated)
Financial assets measured at fair value through other comprehensive income				
Gain on sale of equity shares	-	5,438	-	5,438
Dividend income	384,050	394,903	384,050	394,903
Equities measured at fair value through Profit or Loss				
Dividend income	-	1,162	-	1,162
Dividend income from subsidiaries, joint venture and associate	3,010	27,162	-	-
Net gain from repurchase transactions	125,874	96,154	125,874	96,154
Gains /(Losses) on revaluation of foreign exchange	317,122	(1,307,815)	317,122	(1,307,815)
Amortization of deferred Income Government Grant - CBSL SWAP	-	415,332	-	415,332
Others	41,706	33,119	271,266	227,813
	871,762	(334,545)	1,098,312	(167,012)

Note 8 Financial Assets at Amortized Cost Loans to and Receivables from Other Customers

As at	Bank		Group	
	30.06.2019	31.12.2018	30.06.2019	31.12.2018
	LKR 000	LKR 000	LKR 000	LKR 000
Gross loans and receivables (Note 8.1)	269,038,639	261,299,294	269,038,639	261,299,294
Less: Allowance for impairment (Note 8.2.)	(11,428,443)	(11,565,576)	(11,428,443)	(11,565,576)
Net loans and receivables	257,610,196	249,733,718	257,610,196	249,733,718

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

As at	Bank		Group	
	30.06.2019	31.12.2018	30.06.2019	31.12.2018
	LKR 000	LKR 000	LKR 000	LKR 000
By product-Domestic Currency				
Overdrafts	42,262,810	40,503,314	42,262,810	40,503,314
Trade finance	26,462,930	28,411,748	26,462,930	28,411,748
Credit cards	741,269	504,613	741,269	504,613
Pawning	3,287,789	3,194,318	3,287,789	3,194,318
Staff loans	2,046,683	1,966,944	2,046,683	1,966,944
Term loans	145,170,314	133,524,069	145,170,314	133,524,069
Lease rentals receivable	19,217,451	18,312,071	19,217,451	18,312,071
Commercial papers and asset back notes	1,953,883	1,329,351	1,953,883	1,329,351
Preference shares	75,000	112,500	75,000	112,500
	241,218,129	227,858,928	241,218,129	227,858,928
By product-Foreign Currency				
Overdrafts	349,920	282,662	349,920	282,662
Trade finance	10,119,320	11,530,783	10,119,320	11,530,783
Term loans	17,351,270	21,626,921	17,351,270	21,626,921
	27,820,510	33,440,366	27,820,510	33,440,366
Gross loans and receivables	269,038,639	261,299,294	269,038,639	261,299,294

Note 8.2. Movement in Impairment during the period

	Bank		Group	
	30.06.2019	31.12.2018	30.06.2019	31.12.2018
	LKR 000	LKR 000	LKR 000	LKR 000
Stage 1				
Balance at beginning	786,160	805,471	786,160	805,471
Charge / (write back) to income statement	155,978	(12,651)	155,978	(12,651)
Write-off during the period	(255)	(6,660)	(255)	(6,660)
Balance at end	941,883	786,160	941,883	786,160
Stage 2				
Balance at beginning	2,355,960	2,347,630	2,355,960	2,347,630
(Write back) / charge to income statement	(825,996)	10,491	(825,996)	10,491
Write-off during the period	(1,512)	(2,161)	(1,512)	(2,161)
Balance at end	1,528,452	2,355,960	1,528,452	2,355,960
Stage 3				
Balance at beginning	8,423,456	7,966,994	8,423,456	7,966,994
Charge to income statement	1,162,520	988,089	1,162,520	988,089
Effect of foreign currency movement	(20,974)	166,694	(20,974)	166,694
Write-off during the period	(604,880)	(696,652)	(604,880)	(696,652)
Other movements	(2,014)	(1,669)	(2,014)	(1,669)
Balance at end	8,958,108	8,423,456	8,958,108	8,423,456
Total Impairment	11,428,443	11,565,576	11,428,443	11,565,576

Note 9. Financial liabilities at amortized cost - Due to depositors

As at	Bank		Group	
	30.06.2019 LKR 000	31.12.2018 LKR 000	30.06.2019 LKR 000	31.12.2018 LKR 000
By product-Domestic Currency				
Demand deposits (current accounts)	3,542,807	4,002,920	3,543,406	4,002,630
Savings deposits	23,871,351	21,605,527	23,863,138	21,593,927
Fixed deposits	169,987,952	152,022,880	169,693,508	151,722,204
Other deposits	384,860	2,523,726	384,860	2,523,726
Certificate of deposits	514,704	553,593	514,704	553,593
	198,301,674	180,708,646	197,999,616	180,396,080
By product- Foreign Currency				
Demand deposits (current accounts)	437,060	337,898	437,060	337,898
Savings deposits	33,967,055	24,234,949	33,961,051	24,232,892
Fixed deposits	21,842,750	36,915,668	21,838,557	36,907,565
Other deposits	17,190	40,435	17,190	40,435
	56,264,055	61,528,950	56,253,858	61,518,790
Total	254,565,729	242,237,596	254,253,474	241,914,870

Note 10. Events after the reporting period

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

Note 11. Disclosures under Appendix 7B of the Listing Rules

11.1 During the period, there were no material changes in the composition of assets, liabilities and contingent liabilities and use of fund raised through debentures. All known expenditure items have been provided for.

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

11.2 Stated capital**Number of shares**

Number of shares of the Bank on 30th June 2019 **304,188,756**

11.3 Twenty Major Shareholders as at 30.06.2019

	Name of Shareholder/Company	Shareholding	%
1	Hatton National Bank PLC A/c No.1	45,354,596	14.91
2	Bank of Ceylon No.2 - A/C	38,039,994	12.51
3	Mr.M.A. Yaseen	30,418,875	10.00
4	Sri Lanka Insurance Corporation Ltd-Life Fund	26,509,832	8.71
5	Employees Provident Fund	24,368,995	8.01
6	Melstacorp PLC	22,383,614	7.36
7	Seafeld International Limited	17,716,794	5.82
8	BPSS Lux- Aberdeen standard sicav I-Asia Pacific Equity Fund	13,780,057	4.53
9	CB London S/A Aberdeen Asia Pacific Equity Fund	7,614,136	2.50
10	Citi Bank New York S/A Norges Bank Account 2	7,350,530	2.42
11	Renuka City Hotels PLC	6,926,870	2.28
12	BP2S London - Edinburgh Dragon Trust PLC	6,339,659	2.08
13	BP2S London - Aberdeen Standard Asia Focus PLC	5,413,710	1.78
14	Renuka Hotels PLC	4,073,360	1.34
15	Employees Trust Fund Board	3,987,952	1.31
16	Akbar Brothers Pvt Ltd A/C No.01	2,578,688	0.85
17	Cargo Boat Development Company PLC	2,498,200	0.82
18	BP2S London - Aberdeen New Dawn Investment Trust XCC6	2,030,435	0.67
19	Stassen exports (Pvt) Ltd	1,896,791	0.62
20	Anverally International (pvt) Limited	1,682,148	0.55

11.4 Public Holdings as at 30.06.2019

Public holdings percentage	72.55%
Number of Public shareholders	9,099
Float adjusted market capitalisation	LKR 15,889 million
Applicable option as per CSE Listing Rule 7.13.1 (a)	Option 1

11.5 Directors' Interests in Shares

	No of Shares As at 30.06.2019
C R Jansz	1,400
P M B Fernando	2,000
T Dharmarajah	2,700
K.P Cooray	Nil
S.R Thambiayah (Ms.)	Nil
V J Senaratne (Ms.)	1,814
L H A L Silva	24,866
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 unaudited 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

26-Jul-19

Listed Debentures

Debtenture Category	Interest rate Frequency	Applicable Interest Rate %	Interest rate of Comparative Government Securities (Gross) p.a. %	Balance as at	Market price LKR			Yield
				30.06.2019	Highest	Lowest	Last Traded	Last Traded %
				LKR 000				
Fixed Rate								
2015/2020	Annually	9.4	8.50	2,010,849	94.54	94.54	94.54	13.50
2015/2020	Annually	9.1	8.50	3,012,109	100.00	100.00	100.00	9.04
2016/2021	Annually	12.15	8.60	1,027,890	N/T	N/T	N/T	N/A
2016/2023	Annually	12.75	9.60	6,510,718	99.80	99.80	99.80	12.75
2018/2023	Annually	12.60	9.50	2,993,975	99.73	99.73	99.73	12.65
2018/2025	Annually	13.00	9.80	4,202,166	N/T	N/T	N/T	N/A
2019/2024	Annually	13.50	9.70	3,918,764	N/T	N/T	N/T	N/A
2019/2026	Annually	13.75	9.95	1,838,509	N/T	N/T	N/T	N/A
2019/2029	Annually	13.90	10.05	4,547,069	N/T	N/T	N/T	N/A

N/T -Not traded

Other Ratios (Bank)	30.06.2019	31.12.2018
Debt to equity ratio (times)	2.03	1.88
Interest cover (times)	0.83	0.89

Disclosures regarding the utilization of funds as per the objectives stated in the Debenture Prospectus

Objective as per Prospectus	Proposed Date of allocation as per Prospectus	Amount allocated from Proceeds (LKR)(A)	% of Total Proceeds	Amount utilized as at 30.06.2019 (LKR)(B)	% of utilization against allocation (B/A)	Clarification if not fully utilized including where the funds are invested (eg: Whether lent to related party/s etc.)
To support the lending activities of the bank.	Over the period of twelve months from the date of allotment.	LKR 10 Billion	100%	LKR 5.3 Billion	53%	Invested in government securities

Disclosures regarding the utilization of funds as per the objectives stated in the Rights issue Circular

Objective as per Circular	Proposed Date of utilization as per Circular	Amount allocated from Proceeds (LKR)(A)	% of Total Proceeds	Amount utilized as at 30.06.2019 (LKR)(B)	% of utilization against allocation (B/A)	Clarification if not fully utilized
To improve the capital adequacy ratio(CAR) of the Bank in the light of regulatory requirement introduced in line with the Basel III accord.	By 31 December 2019	LKR 2.814 Billion	100%	LKR 2.814 Billion	100%	N/A
Support the Bank's asset growth.	Over the period of twelve months from the date of allotment.	LKR 2.814 Billion	100%	Nil	0%	Invested in government securities

Selected Performance Indicators

	Bank		Group	
	30.06.2019	31.12.2018	30.06.2019	31.12.2018
Regulatory Capital (LKR '000)				
Common Equity Tier I	33,228,139	31,633,211	32,177,090	32,106,706
Tier 1 Capital	33,228,139	31,633,211	32,177,090	32,106,706
Total Capital	48,368,810	47,203,364	47,317,761	47,676,859
Regulatory Capital Ratios %				
Common Equity Tier 1 Capital Ratio (Minimum Requirement -7%)	11.400	N/A	10.992	N/A
(Minimum Requirement -6.375%)	N/A	10.766	N/A	10.888
Tier 1 Capital Ratio (Minimum Requirement - 8.5%)	11.400	N/A	10.992	N/A
(Minimum Requirement - 7.875%)	N/A	10.766	N/A	10.888
Total Capital Ratio (Minimum Requirement - 12.5%)	16.595	N/A	16.164	N/A
(Minimum Requirement - 11.875%)	N/A	16.065	N/A	16.168
Leverage Ratio (Minimum requirement is 3%)	7.20	N/A	7.00	N/A
Regulatory Liquidity				
Statutory liquid assets LKR 000				
Domestic Banking Unit	83,870,939	65,391,771		
Off-Shore Banking Unit	6,858,614	9,267,388		
Statutory liquid assets ratio % (Minimum requirement 20%)				
Domestic Banking Unit	25.96	22.24		
Off-Shore Banking Unit	36.14	44.36		
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement - 2019 - 100%, 2018 -90%)	425.16	195.71		
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement - 2019 - 100%, 2018 -90%)	200.46	113.49		
Net Stable Funding Ratio (%) (minimum requirement 90%)	119.79	N/A		
Asset Quality				
Non-performing loans and advances - Gross exposure % (Net of interest in suspense)	4.63	3.28		
Non-performing loans and advances - Net exposure % (Net of interest in suspense and provisions)	1.96	1.20		
Profitability				
Interest margin %	3.3	3.5		
Return on assets (profit before tax) %	0.7	1.2		
Return on equity %	4.2	6.0		

	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total
As at 30 June 2019	LKR 000	LKR 000	LKR 000	LKR 000
Analysis of Financial Instruments by Measurement Basis				
Bank				
Financial Assets				
Cash and cash equivalents	-	-	6,444,704	6,444,704
Balances with Central Bank of Sri Lanka	-	-	9,273,141	9,273,141
Placements with banks	-	-	11,005,577	11,005,577
Derivative assets held-for-risk management	1,068,487	-	-	1,068,487
Financial assets measured at fair value through profit or loss	5,008,376	-	-	5,008,376
Financial assets at amortised cost - Loans to and receivables from banks	-	-	8,239,988	8,239,988
Financial assets at amortised cost -Loans to and receivables from other customers	-	-	257,610,196	257,610,196
Due from subsidiaries	-	-	7,587	7,587
Financial investments	-	69,114,961	24,241,365	93,356,326
Other assets	-	-	3,188,121	3,188,121
	6,076,864	69,114,961	320,010,679	395,202,503

Financial Liabilities

	-	-	14,992,689	14,992,689
Due to banks				
Derivative liabilities held-for-risk management	720,602	-	-	720,602
Financial liabilities at amortised cost - Due to depositors	-	-	254,565,729	254,565,729
Financial liabilities at amortised cost - Due to other borrowers	-	-	47,448,509	47,448,509
Debt securities issued	-	-	13,314,365	13,314,365
Subordinated term debt	-	-	16,747,685	16,747,685
Other liabilities	-	-	4,902,303	4,902,303
	720,602	-	351,971,278	352,691,882

	Fair value through profit or loss - mandatory	Fair value through other comprehensive income	Amortised cost	Total
As at 31 December 2018	LKR 000	LKR 000	LKR 000	LKR 000
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
Financial assets measured at fair value through profit or loss	6,078,862	-	-	6,078,862
Financial assets at amortised cost - Loans to and receivables from banks	-	-	12,854,880	12,854,880
Financial assets at amortised cost -Loans to and receivables from other customers	-	-	249,733,718	249,733,718
Financial investments	-	55,313,553	22,874,088	78,187,641
Due from subsidiaries	-	-	9,505	9,505
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
Financial liabilities at amortised cost - Due to depositors	-	-	242,237,596	242,237,596
Financial liabilities at amortised cost - Due to other borrowers	-	-	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	-	329,062,882	329,184,256

	Fair value through profit or loss - mandatory	Fair value through other comprehensive income	Amortised cost	Total
<i>As at 30 June 2019</i>				
Group				
Financial Assets				
Cash and cash equivalents	-	-	6,453,207	6,453,207
Balances with Central Bank of Sri Lanka	-	-	9,273,141	9,273,141
Placements with banks	-	-	11,133,463	11,133,463
Derivative assets held-for-risk management	1,068,487	-	-	1,068,487
Financial assets measured at fair value through profit or loss	5,008,376	-	-	5,008,376
Financial assets at amortised cost - Loans to and receivables from banks	-	-	8,239,988	8,239,988
Financial assets at amortised cost -Loans to and receivables from other customers	-	-	257,610,196	257,610,196
Financial investments	-	69,114,961	24,241,365	93,356,326
Other assets	-	-	3,317,733	3,317,733
	6,076,863	69,114,961	320,269,093	395,460,917

Financial Liabilities				
Due to banks	-	-	14,992,689	14,992,689
Derivative liabilities held-for-risk management	720,602	-	-	720,602
Financial liabilities at amortised cost - Due to depositors	-	-	254,253,474	254,253,474
Financial liabilities at amortised cost - Due to other borrowers	-	-	47,448,509	47,448,509
Debt securities issued	-	-	13,314,365	13,314,365
Subordinated term debt	-	-	16,747,685	16,747,685
Other liabilities	-	-	5,174,393	5,174,393
	720,602	-	351,931,115	352,651,717

	Fair value through profit or loss - mandatory	Fair value through other comprehensive income	Amortised cost	Total
<i>As at 31 December 2018</i>				
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
Financial assets measured at fair value through profit or loss	6,078,862	-	-	6,078,862
Financial assets at amortised cost - Loans to and receivables from banks	-	-	12,854,880	12,854,880
Financial assets at amortised cost -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
Financial liabilities at amortised cost - Due to depositors	-	-	241,914,870	241,914,870
Financial liabilities at amortised cost - Due to other borrowers	-	-	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

Business Segment Information

	Banking		Financial Leasing		Investing in Equity		Other		Unallocated		Eliminations		Total	
For the six months ended 30th June	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	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
Group														(Restated)
Revenue														
Interest income	19,683,416	17,017,767	1,300,033	1,104,734	-	-	21,640	24,792	-	-	(20,522)	(19,733)	20,984,567	18,127,559
Net fees and commission income	945,314	906,141	-	-	-	-	-	-	-	-	(1,526)	(67)	943,788	906,074
Net loss from trading	276,277	164,316	-	-	(879,576)	(402,858)	-	-	-	-	-	-	(603,299)	(238,542)
Net fair value (losses) / gains from financial instruments at fair value through profit or loss	(1,729,798)	64,973	-	-	-	-	-	-	-	-	-	-	(1,729,798)	64,973
Net gains from derecognition of financial assets at fair value through profit or loss	-	-	-	-	-	5,438	-	-	-	-	-	-	-	5,438
Fair value through other comprehensive income	66,436	2,771	-	-	-	-	-	-	-	-	-	-	66,436	2,771
Net other operating income	484,701	(826,769)	-	-	387,060	492,219	325,025	302,952	-	-	(98,475)	(135,414)	1,098,312	(167,012)
Total Income	19,726,346	17,329,199	1,300,033	1,104,734	(492,516)	94,799	346,665	327,744	-	-	(120,522)	(155,214)	20,760,006	18,701,261
Percentage *	95	87	6	6	(2)	7	2	1	-	-	(1)	(1)	100	100
Expense														
Impairment charge / (reversal) for loans and other	432,442	729,731	43,490	(81,117)	-	-	-	-	-	-	-	-	475,932	648,614
Depreciation	-	-	-	-	-	-	27,297	28,654	-	-	-	-	27,297	28,654
Other operating and interest expenses	15,889,141	14,335,727	1,103,926	478,908	-	-	192,208	162,144	-	-	(117,511)	(44,797)	17,067,763	14,931,982
	16,321,583	15,065,458	1,147,416	397,791	-	-	219,504	190,798	-	-	(117,511)	(44,797)	17,570,992	15,609,250
Result	3,404,762	2,263,741	152,617	706,943	(492,516)	94,799	127,160	136,946	-	-	(3,011)	(110,417)	3,189,014	3,092,011
Unallocated expenses													1,111,192	562,676
Value added tax													748,819	580,688
													1,329,002	1,948,647
Share of profits of associates and Joint venture													83,389	88,587
Profit before tax													1,412,391	2,037,234
Income tax on profit on ordinary activities													506,108	578,941
Profit after tax													906,283	1,458,293
Other Comprehensive Income / (expense) net of tax													(874,403)	(1,553,074)
Total Comprehensive Income / (expense)													31,880	(94,781)
Total Comprehensive Income - Non controlling interests													44,423	35,729
Total comprehensive income / (expense) for the Equity Holders of the Bank													(12,543)	(130,510)
Assets	288,722,216	296,083,720	19,217,451	17,038,089	51,433,872	17,571,339	1,157,932	1,102,279	39,980,897	26,464,346	(492,820)	(616,307)	400,019,548	357,643,466
Percentage*	72	82	5	5	13	6	-	-	10	7	-	-	100	100
Investment in associate and Joint venture													2,056,303	1,673,658
													402,075,851	359,317,124
Liabilities	259,849,994	269,239,847	17,295,706	15,448,343	-	-	421,647	347,521	77,263,420	30,294,107	(325,516)	(448,985)	354,505,252	314,880,833

* 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.