



Financial Stability: Prudent Balance Sheet Management results in strong bottom line growth for DFCC Bank

- Group Net Operating Income up by 22% to LKR 24 Bn
- Impairment charge for loans and receivables reduced by 69% to LKR 3.6 Bn.
- Group Profit After Tax of LKR 7.1 Bn
- Group Total Capital Adequacy Ratio – 15.242%
- Group Total Assets up by 6% to LKR 681 Bn

During the period under review, DFCC Bank has continued to record a strong financial performance, reflecting the entity's growth and stability amid the ongoing economic recovery. Market lending interest rates continued to decline in line with the current accommodative monetary policy stance, with the expectation that credit expansion to the private sector is expected to continue, supported by lower market lending interest rates. The Bank has continued to reduce lending rates in line with the prevailing accommodative monetary policy stance, and consequently, the loan portfolio of the Bank has grown by 10% to LKR 383 Bn as of 30 September 2024.

Further, the Bank issued Sri Lanka's first ever listed and rated Green Bond, which was significantly oversubscribed during the period under review. This achievement is a testament to the trust and confidence that the Bank's valued investors and stakeholders have placed in DFCC Bank and its commitment to sustainability.

The following commentary relates to the unaudited Financial Statements for the period ended 30 September 2024, presented in accordance with Sri Lanka Accounting Standard 34 (LKAS 34) on "Interim Financial Statements."

Financial Performance

Profitability

DFCC Bank PLC, the largest entity within the Group, reported a Profit Before Tax (PBT) of LKR 9,559 Mn and a Profit After Tax (PAT) of LKR 6,013 Mn for the period ended 30 September 2024 compared with the previous period's PBT of LKR 8,305 Mn and a PAT of LKR 5,498 Mn. The Group recorded a PBT of LKR 9,909 Mn and PAT of LKR 7,128 Mn for the period ended 30 September 2024 as compared to LKR 8,681 Mn and LKR 7,064 Mn, respectively, in 2023. The

Bank's Return on Equity (ROE) improved to 10.82% during the period ended 30 September 2024 from 12.19% recorded for the year ended 31 December 2023. The Bank's Return on Assets (ROA) before tax for the period ended 30 September 2024 is 1.86% compared to 1.82% for the year ended 31 December 2023. The Bank's total tax expense, which includes Value Added Tax (VAT) and Social Security Contribution Levy (SSCL) on financial services and Income Tax, is LKR 6,550 Mn for the period ending 30 September 2024. As a result, the Bank's tax expense as a percentage of operating profit for the period stood at 52.14%.

Net Interest Income

The Bank has continued to make downward adjustments to lending and deposit rates to align with the current accommodative monetary policy stance of the Central Bank of Sri Lanka to expand credit to the private sector. Lower market lending interest rates and the anticipated recovery in domestic economic activity are expected to continue supporting this expansion, thus supporting the envisaged rebound of the economy. The lower interest rates have resulted in reduced interest income and expenses compared to the comparable period of 2023. The Bank's Net Interest Income (NII), its core business, decreased by 12% to reach LKR 20,734 Mn by the end of September 2024. The interest margin decreased from 5.18% in December 2023 to 4.20% by September 2024.

Despite the sharp reduction in lending rates, the bank was able to partially safeguard its Net Interest Income (NII) by investing in longer-term, fixed-rate instruments from the beginning of the year.

Fee and Commission Income

The untiring efforts of the Bank's staff led to increased credit card-related operations, which mainly contributed to an increase in fee and commission income compared to the comparable period of 2023. In line with the objective of expanding credit card operations and acquiring new businesses, fee expenses relating to credit cards also increased. By providing a positive net effect as a return to expanding the credit card operation, net fee and commission income have increased by 8% to LKR 3,068 Mn for the period ended 30 September 2024, compared to LKR 2,848 Mn for the comparative period in 2023.

Net Gains from De-recognition of Financial Assets

The Bank has disposed a portion of its Sri Lankan government securities classified under FVOCI, resulting in a gain of LKR 2,383 Mn, underscoring the efficacy of its strategic decisions. Conversely, the sale of a part of the Bank's International Sovereign Bond (ISB) holdings incurred a loss of LKR 2,172 Mn. However, this was offset by the reversal of the impairment provision for same of LKR 2,453 Mn on the disposal of ISB, which positively impacted the overall income statement for the period.

Impairment Charge on Loans and Other Losses

The impaired loan (stage 3) ratio decreased from 7.03% in December 2023 to 6.01% as of 30 September 2024 due to significant growth in the portfolio, in line with positive developments in the macroeconomic environment, coupled with the Bank's concerted efforts in recoveries. To address the current and potential future impact of the present economic conditions on the lending portfolio, the Bank made adequate impairment provisions during the period by continuing to calibrate internal models to account for unseen risk factors in the future, including additional provisions made for the Bank's exposure to risk-elevated sectors.

Accordingly, reflecting positive macroeconomic indicators and the Bank's concerted efforts on recoveries, the impairment charges for loans and advances improved significantly to LKR 3,577 Mn for the period ended 30 September 2024, compared to LKR 11,525 Mn in the comparable period.

Operating Expenses

Operating expenses for the period ended 30 September 2024 increased to LKR 10,848 Mn compared with LKR 8,370 Mn during the corresponding period in 2023, primarily due to the increase in inflation and the adjustment to staff benefits. However, the Bank has taken numerous cost control measures, resulting in operating expenses being managed at these levels.

Other Comprehensive Income (OCI)

Changes in the fair value of investments in equity securities and fixed-income securities (treasury bills and bonds) and movement in hedging reserves are recorded through other comprehensive income. Due to the application of hedge accounting, the impact on the Bank's total equity due to exchange rate fluctuation was minimised. A net fair value gain of LKR 1,797 Mn was recorded on account of equity securities as of 30 September 2024. The increase in the share price of Commercial Bank of Ceylon PLC during the period was the main contributor to the reported fair value gain in equity securities. The favourable movement in treasury bills and bond yields also resulted in a fair value gain of LKR 944 Mn.

Business Growth

Assets

The DFCC Bank's total assets increased by LKR 35 Bn, recording a growth of 6% from December 2023. In line with the Bank's growth strategy and the current economy, an increase in investment in fixed-income securities has contributed to a 50% increase in investment in financial assets at an amortized cost of LKR 102 Bn as at 30 September 2024, compared to the balance as of 31 December 2023. Further, The Bank's net loan portfolio growth of LKR 34 Bn to LKR 383 Bn compared to LKR 349 Bn as at 31 December 2023, an increase of 10%, contributed to the asset growth during the period. Moreover, the Bank has designated its joint venture investment as an asset held for sale in light of its strategic decision to seek avenues to divest its 50% ownership in Acuity Partners Private Limited.

Liabilities

The DFCC Bank's total liabilities increased by LKR 30 Bn, recording an increase of 5% from December 2023. This is mainly due to the Bank's deposit base experiencing a growth of 8% during the period, recording an increase of LKR 33 Bn to LKR 440 Bn, up from LKR 407 Bn as at 31 December 2023. Further, the CASA ratio was 25.82% as at 30 September 2024. The Bank's funding costs include medium to long-term concessionary credit lines, primarily used to grow the lending portfolio and provide much-needed concessionary funding to our customers. Considering these concessionary term borrowings, the CASA ratio improved to 33.33%, and the loans-to-deposit ratio improved to 82.30% as at 30 September 2024.

Equity and Compliance with Capital Requirements

DFCC Bank's total equity increased to LKR 73.3 Bn as at 30 September 2024, supported by favourable movements in the equity portfolio and fixed income security portfolio classified as fair value through other comprehensive income, and positive movements in the hedging reserve, together with the recorded profit after tax of LKR 6 Bn. Accordingly, Tier 1 and Total Capital ratios were recorded at 10.708% and 14.358% by 30 September 2024, compared to 11.490% and 13.511%, respectively, as at 31 December 2023. The Bank's Net Stable Funding Ratio (NSFR) was 121.54%, and Liquidity Coverage Ratio (LCR) – all currency – was 271.46% as at 30 September 2024, compared to 124.60% and 597.47% respectively, as at 31 December 2023. All these ratios were thus maintained well above the minimum regulatory requirement.

CEO's Statement

In Q3 2024, DFCC Bank continued to demonstrate resilience and growth amidst a dynamic market, achieving strong asset growth and maintaining financial stability. With a 22% increase in Group Net Operating Income and a substantial 69% reduction in impairment charges, we have successfully managed to maintain the bank's profitability by effectively managing impairments and optimizing our interest income and fee income strategy. Our focus remains on enhancing customer experience through digital solutions, contributing to a stronger fee and commission income. This quarter's major milestone was the issuance of Sri Lanka's first listed and rated Green Bond, underscoring our commitment to sustainability and the trust our stakeholders place in us. We remain focused on prudent risk management and innovative banking solutions to drive sustainable growth.

Thimal Perera

Director/Chief Executive Officer

13 November 2024

DFCC Bank PLC
Income Statement

For the nine months ended 30 September	Notes	Bank						Group					
		For the period ended			For the quarter ended			For the period ended			For the quarter ended		
		30.09.2024 LKR 000	30.09.2023 LKR 000	Change %	30.09.2024 LKR 000	30.09.2023 LKR 000	Change %	30.09.2024 LKR 000	30.09.2023 LKR 000	Change %	30.09.2024 LKR 000	30.09.2023 LKR 000	Change %
Gross Income		66,160,893	83,182,752	(20)	20,532,830	27,125,251	(24)	66,697,160	83,653,361	(20)	20,709,432	27,296,562	(24)
Interest income		57,519,354	74,718,665	(23)	18,378,739	23,981,690	(23)	57,533,199	74,720,213	(23)	18,380,045	23,982,062	(23)
Interest expenses		36,785,261	51,063,795	(28)	11,367,979	15,802,120	(28)	36,725,789	50,975,365	(28)	11,349,026	15,773,705	(28)
Net interest income		20,734,093	23,654,870	(12)	7,010,760	8,179,570	(14)	20,807,410	23,744,848	(12)	7,031,019	8,208,357	(14)
Fee and commission income		4,550,316	3,789,657	20	1,693,494	1,247,287	36	4,549,727	3,788,829	20	1,693,295	1,246,911	36
Fee and commission expenses		1,482,347	941,983	57	531,048	344,515	54	1,482,347	941,983	57	531,048	344,515	54
Net fee and commission income		3,067,969	2,847,674	8	1,162,446	902,772	29	3,067,380	2,846,846	8	1,162,247	902,396	29
Net gains/ (losses) from trading	5	659,355	1,373,554	(52)	67,049	(18,821)	456	659,355	1,373,554	(52)	67,049	(18,821)	456
Net (losses)/ gains from derecognition of financial assets													
At amortised cost		(2,171,610)	-	(100)	-	-	-	(2,171,610)	-	(100)	-	-	-
Fair value through other comprehensive income		2,383,124	2,618,875	(9)	326,580	1,836,771	(82)	2,383,124	2,618,875	(9)	326,580	1,836,771	(82)
Net other operating income	6	1,048,744	682,001	54	66,968	78,324	(14)	1,571,755	1,151,890	36	242,463	249,639	(3)
Total operating income		25,721,675	31,176,974	(17)	8,633,803	10,978,616	(21)	26,317,414	31,736,013	(17)	8,829,358	11,178,342	(21)
Impairment charge for loans and other losses													
Loans to and receivables from other customers		3,576,701	11,525,277	(69)	1,621,849	3,738,363	(57)	3,576,701	11,525,277	(69)	1,621,849	3,738,363	(57)
Other financial assets		(1,266,247)	588,222	(315)	207,391	278,735	(26)	(1,266,247)	588,222	(315)	207,391	278,735	(26)
Net operating income		23,411,221	19,063,475	23	6,804,563	6,961,518	(2)	24,006,960	19,622,514	22	7,000,118	7,161,244	(2)
Operating expenses													
Personnel expenses		5,196,087	3,421,696	52	1,720,577	1,161,374	48	5,366,795	3,607,629	49	1,780,056	1,216,095	46
Depreciation and amortisation		867,200	814,005	7	297,646	254,478	17	921,979	862,164	7	316,626	270,636	17
Other expenses		4,784,578	4,134,173	16	1,631,209	1,466,247	11	4,805,778	4,083,689	18	1,640,607	1,450,181	13
Total operating expenses		10,847,865	8,369,874	30	3,649,432	2,882,099	27	11,094,552	8,553,482	30	3,737,289	2,936,912	27
Operating profit before taxes on financial services		12,563,356	10,693,601	17	3,155,131	4,079,419	(23)	12,912,408	11,069,032	17	3,262,829	4,224,332	(23)
Taxes on financial services		3,004,385	2,388,406	26	832,692	883,956	(6)	3,004,385	2,388,406	26	832,692	883,956	(6)
Operating profit after taxes on financial services		9,558,971	8,305,195	15	2,322,439	3,195,463	(27)	9,908,023	8,680,626	14	2,430,137	3,340,376	(27)
Share of profits of associate		-	-	-	-	-	-	1,125	809	39	420	57	636
Profit before income tax		9,558,971	8,305,195	15	2,322,439	3,195,463	(27)	9,909,148	8,681,435	14	2,430,557	3,340,433	(27)
Income tax expense		3,546,113	2,806,988	26	963,975	902,533	7	3,601,356	2,874,482	25	997,746	931,150	7
Profit for the period from continuing operations		6,012,858	5,498,207	9	1,358,464	2,292,930	(41)	6,307,792	5,806,953	9	1,432,811	2,409,283	(41)
Discontinued Operation													
Profit for the period from discontinued operations, net of tax		-	-	-	-	-	-	820,619	1,256,603	(35)	(43,123)	731,015	(106)
Profit for the period		6,012,858	5,498,207	9	1,358,464	2,292,930	(41)	7,128,411	7,063,556	1	1,389,688	3,140,298	(56)
Profit attributable to:													
Equity holders of the Bank		6,012,858	5,498,207	9	1,358,464	2,292,930	(41)	6,990,152	6,933,641	1	1,351,105	3,095,592	(56)
Non-controlling interests		-	-	-	-	-	-	138,259	129,915	6	38,583	44,706	(14)
Profit for the period		6,012,858	5,498,207	9	1,358,464	2,292,930	(41)	7,128,411	7,063,556	1	1,389,688	3,140,298	(56)
Basic/Diluted earnings per ordinary share (LKR)		13.99	13.20	6	3.16	5.50	(43)	16.27	16.64	(2)	3.14	7.43	(58)
Basic/Diluted earnings per ordinary share (LKR)													
- continuing operations		13.99	13.20	6	3.16	5.50	(43)	14.36	13.63	5	3.24	5.68	(43)

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

	Bank						Group					
	For the period ended			For the quarter ended			For the period ended			For the quarter ended		
For the nine months ended 30 September	30.09.2024 LKR 000	30.09.2023 LKR 000	Change %	30.09.2024 LKR 000	30.09.2023 LKR 000	Change %	30.09.2024 LKR 000	30.09.2023 LKR 000	Change %	30.09.2024 LKR 000	30.09.2023 LKR 000	Change %
Profit for the period	6,012,858	5,498,207	9	1,358,464	2,292,930	(41)	7,128,411	7,063,556	1	1,389,688	3,140,298	(56)
Other comprehensive income / (expenses) for the period, net of tax												
Items that are or may be reclassified subsequently to income statement												
Movement in fair value reserve (FVOCI debt instrument):												
Net change in fair value	944,455	5,993,726	(84)	(677,865)	2,749,537	(125)	944,455	5,993,726	(84)	(677,865)	2,749,537	(125)
Reclassified to income statement	(2,383,124)	(2,618,875)	9	(326,580)	(1,836,771)	82	(2,383,124)	(2,618,875)	9	(326,580)	(1,836,771)	82
Movement in hedging reserve:												
Cash flow hedge - effective portion of changes in fair value	(4,969,655)	(4,394,939)	(13)	850,641	2,048,618	(58)	(4,969,655)	(4,394,939)	(13)	850,641	2,048,618	(58)
Cash flow hedge - reclassified to income statement	5,059,625	4,925,000	3	1,631,312	(2,016,250)	181	5,059,625	4,925,000	3	1,631,312	(2,016,250)	181
Related deferred tax	406,721	(1,150,638)	135	(441,599)	(262,756)	(68)	406,721	(1,150,638)	135	(441,599)	(262,756)	(68)
Total other comprehensive (expenses)/ income that are or may be reclassified subsequently to income statement	(941,978)	2,754,274	(134)	1,035,909	682,378	52	(941,978)	2,754,274	(134)	1,035,909	682,378	52
Items that will not be reclassified to income statement												
Equity investments at FVOCI - net change in fair value	1,797,098	6,431,350	(72)	(149,222)	3,672,529	(104)	1,797,098	6,431,350	(72)	(149,222)	3,672,529	(104)
Total other comprehensive income / (expenses) on items that will not be reclassified to income statement	1,797,098	6,431,350	(72)	(149,222)	3,672,529	(104)	1,797,098	6,431,350	(72)	(149,222)	3,672,529	(104)
Other comprehensive income for the period , net of tax - continuing operations	855,120	9,185,624	(91)	886,687	4,354,907	(80)	855,120	9,185,624	(91)	886,687	4,354,907	(80)
Discontinued Operation												
Other comprehensive (expenses) / income for the period, net of tax - discontinued operations	-	-	-	-	-	-	(392,056)	(251,564)	(56)	(138,913)	83,082	(267)
Total comprehensive income for the period	6,867,978	14,683,831	(53)	2,245,151	6,647,837	(66)	7,591,475	15,997,616	(53)	2,137,462	7,578,287	(72)
Total comprehensive income attributable to:												
Equity holders of the Bank	6,867,978	14,683,831	(53)	2,245,151	6,647,837	(66)	7,453,216	15,867,701	(53)	2,098,879	7,533,582	(72)
Non-controlling interests	-	-	-	-	-	-	138,259	129,915	6	38,583	44,706	(14)
Total comprehensive income for the period	6,867,978	14,683,831	(53)	2,245,151	6,647,837	(66)	7,591,475	15,997,616	(53)	2,137,462	7,578,288	(72)

DFCC Bank PLC
Statement of Financial Position

As at	Notes	Bank			Group		
		30.09.2024	31.12.2023 (Audited)	Change	30.09.2024	31.12.2023 (Audited)	Change
		LKR 000	LKR 000	%	LKR 000	LKR 000	%
Assets							
Cash and cash equivalents		12,268,911	14,478,468	(15)	12,289,181	14,483,062	(15)
Balances with Central Bank of Sri Lanka		6,127,559	2,107,776	191	6,127,559	2,107,776	191
Placements with banks		21,631,809	29,138,098	(26)	21,631,809	29,173,988	(26)
Derivative financial assets		11,675,486	16,499,171	(29)	11,675,486	16,499,171	(29)
Financial assets measured at fair value through profit or loss		4,382,075	1,740,928	152	4,382,075	1,740,928	152
Financial assets at amortised cost - Loans to and receivables from other customers	7	383,461,374	348,767,466	10	383,461,374	348,767,466	10
Financial assets at amortised cost - Debt and other instruments		101,762,243	68,031,313	50	101,819,185	68,094,041	50
Financial assets measured at fair value through other comprehensive income		114,163,586	134,902,765	(15)	114,163,586	134,902,765	(15)
Investments in subsidiaries		237,035	237,035	0	-	-	-
Investment in associate		33,169	33,169	(0)	37,968	36,844	3
Investment property		9,879	9,879	-	447,719	468,385	(4)
Property, plant and equipment		3,450,275	3,499,737	(1)	3,718,510	3,704,411	0
Intangible assets and goodwill		1,707,270	1,926,287	(11)	1,877,170	2,101,256	(11)
Deferred tax assets		6,006,272	5,407,626	11	6,014,072	5,415,426	11
Other assets		8,141,610	12,963,406	(37)	8,413,550	13,170,641	(36)
Asset held for sale	9	755,000	755,000	-	4,848,497	4,402,238	-
Total assets		675,813,553	640,498,124	6	680,907,741	645,068,398	6
Liabilities							
Due to banks		18,383,270	52,793,464	(65)	18,383,270	52,793,464	(65)
Derivative financial liabilities		919,546	381,653	141	919,546	381,653	141
Financial liabilities at amortised cost - Due to depositors	10	440,211,798	407,225,313	8	439,334,888	406,584,864	8
Financial liabilities at amortised cost - Due to other borrowers		92,979,371	72,022,734	29	92,979,371	72,022,734	29
Debt securities in issue		14,276,408	16,311,577	(12)	14,276,408	16,311,577	(12)
Employee benefits		1,438,467	1,371,126	5	1,462,748	1,400,921	4
Current tax liabilities		3,505,881	4,426,683	(21)	3,553,151	4,535,557	(22)
Deferred tax liabilities		-	-	-	104,873	104,276	1
Other liabilities		12,674,902	9,152,343	38	13,093,577	9,485,315	38
Subordinated term debt		18,080,812	9,072,265	99	18,080,812	9,072,265	99
Total liabilities		602,470,455	572,757,158	5	602,188,644	572,692,626	5
Equity							
Stated capital		14,710,454	13,866,557	6	14,710,454	13,866,557	6
Statutory reserve		3,239,968	3,239,968	-	3,239,968	3,239,968	-
Retained earnings		33,423,322	28,250,357	18	39,813,370	33,645,590	18
Other reserves		21,969,354	22,384,084	(2)	20,424,887	21,231,498	(4)
Total equity attributable to equity holders of the Bank		73,343,098	67,740,966	8	78,188,679	71,983,613	9
Non-controlling interests		-	-	-	530,418	392,159	35
Total equity		73,343,098	67,740,966	8	78,719,097	72,375,772	9
Total equity and liabilities		675,813,553	640,498,124	6	680,907,741	645,068,398	6
Contingent liabilities and commitments							
		223,102,819	193,992,770	15	223,102,819	193,992,770	15
Net assets value per share, LKR		169.52	160.54	6	180.72	170.60	6

Memorandum Information	Bank		Group	
	30.09.2024	31.12.2023	30.09.2024	31.12.2023
Number of Employees	2,294	2,109	2,395	2,225
Number of Branches (Including Service centres)	139	139		

Statement of Changes in Equity

		Statutory reserve	Other reserves				
	Stated capital	Reserve fund	Fair value reserve	Hedging reserve	General reserves	Retained earnings	Total equity
	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000
Bank							
Balance as at 01 January 2023	13,182,025	2,874,968	(1,832,190)	115,407	13,779,839	22,600,898	50,720,947
Profit for the period	-	-	-	-	-	5,498,207	5,498,207
Other comprehensive income, net of tax	-	-	8,814,582	371,042	-	-	9,185,624
Total comprehensive income for the period	-	-	8,814,582	371,042	-	5,498,207	14,683,831
Transfer of net gains on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	(20,131)	-	-	20,131	-
Transactions with equity holders of the Bank, recognised directly in equity							
Final dividend for 2022 – Scrip	684,532	-	-	-	-	(805,332)	(120,800)
Total contributions from and distribution to equity holders	684,532	-	-	-	-	(805,332)	(120,800)
Balance as at 30 September 2023	13,866,557	2,874,968	6,962,261	486,449	13,779,839	27,313,904	65,283,978
Balance as at 01 January 2024							
Balance as at 01 January 2024	13,866,557	3,239,968	7,250,399	1,353,846	13,779,839	28,250,357	67,740,966
Profit for the period	-	-	-	-	-	6,012,858	6,012,858
Other comprehensive income, net of tax	-	-	792,141	62,979	-	-	855,120
Total comprehensive income for the period	-	-	792,141	62,979	-	6,012,858	6,867,978
Transfer of net gains on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	(1,269,850)	-	-	1,269,850	-
Transactions with equity holders of the Bank, recognised directly in equity							
Final dividend for 2023 – Scrip	843,897	-	-	-	-	(843,897)	-
Final dividend for 2023 – Cash	-	-	-	-	-	(1,265,846)	(1,265,846)
Total contributions from and distribution to equity holders	843,897	-	-	-	-	(2,109,743)	(1,265,846)
Balance as at 30 September 2024	14,710,454	3,239,968	6,772,690	1,416,825	13,779,839	33,423,322	73,343,098

Statement of Changes in Equity

	Attributable to the equity holders of the Bank									
	Stated Capital	Statutory reserve		Other reserves			Retained earnings	Total	Non- controlling interests	Total equity
		Reserve fund	Fair value reserve	Exchange equalization reserve	Hedging reserve	General reserve				
Group	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000
Balance as at 01 January 2023	13,182,025	2,874,968	(3,273,562)	822,582	(103,057)	13,779,839	26,731,857	54,014,652	306,150	54,320,802
Profit for the period	-	-	-	-	-	-	6,933,641	6,933,641	129,915	7,063,556
Other comprehensive income / (expenses) , net of tax	-	-	8,832,175	(269,224)	371,042	-	67	8,934,060	-	8,934,060
Total comprehensive income / (expenses) for the period	-	-	8,832,175	(269,224)	371,042	-	6,933,708	15,867,701	129,915	15,997,616
Transfer of net gains on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	(20,131)	-	-	-	20,131	-	-	-
Transactions with equity holders of the Bank, recognized directly in equity										
Change in holding through joint venture	-	-	-	-	-	-	1,506	1,506	-	1,506
Final dividend for 2022 – Scrip	684,532	-	-	-	-	-	(805,332)	(120,800)	-	(120,800)
Total contributions from and distribution to equity holders	684,532	-	-	-	-	-	(803,826)	(119,294)	-	(119,294)
Balance as at 30 September 2023	13,866,557	2,874,968	5,538,482	553,358	267,985	13,779,839	32,881,870	69,763,059	436,065	70,199,124
Balance at 01 January 2024										
Balance as at 01 January 2024	13,866,557	3,239,968	5,818,791	561,071	1,071,797	13,779,839	33,645,590	71,983,613	392,159	72,375,772
Profit for the period	-	-	-	-	-	-	6,990,152	6,990,152	138,259	7,128,411
Other comprehensive income / (expenses) , net of tax	-	-	788,756	(311,598)	(13,919)	-	(175)	463,064	-	463,064
Total comprehensive income / (expenses) for the period	-	-	788,756	(311,598)	(13,919)	-	6,989,977	7,453,216	138,259	7,591,475
Transfer of net gains on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	(1,269,850)	-	-	-	1,269,850	-	-	-
Transactions with equity holders of the Bank, recognized directly in equity										
Change in holding through joint venture	-	-	-	-	-	-	17,696	17,696	-	17,696
Final dividend for 2023 – Scrip	843,897	-	-	-	-	-	(843,897)	-	-	-
Final dividend for 2023 – Cash	-	-	-	-	-	-	(1,265,846)	(1,265,846)	-	(1,265,846)
Total contributions from and distribution to equity holders	843,897	-	-	-	-	-	(2,092,047)	(1,248,150)	-	(1,248,150)
Balance as at 30 September 2024	14,710,454	3,239,968	5,337,697	249,473	1,057,878	13,779,839	39,813,370	78,188,679	530,418	78,719,097

Statement of Cash Flows

For the nine months ended 30th September

	BANK		GROUP	
	2024	2023	2024	2023
	LKR 000	LKR 000	LKR 000	LKR 000
Cash flows from operating activities				
Interest receipts	57,641,695	72,431,702	57,710,548	72,518,312
Interest payments	(34,943,292)	(45,011,162)	(34,960,230)	(44,959,689)
Net commission receipts	4,470,848	3,671,268	4,470,848	3,671,268
Net trading income	75,070	26,840	75,070	26,840
Recoveries from loans previously written off	20,012	11,767	20,012	11,767
Receipts from other operating activities	41,899	112,945	572,425	525,519
Payments on other operating activities	(6,116,726)	(4,809,949)	(5,956,945)	(4,573,902)
Cash payments to employees	(5,043,837)	(3,352,173)	(5,449,229)	(3,910,756)
Taxes on financial services	(3,276,634)	(2,598,965)	(3,276,634)	(2,598,965)
Operating Cash flows before changes in operating assets and liabilities	12,869,035	20,482,273	13,205,865	20,710,394
(Increase)/ decrease in operating assets:				
Balances with Central Bank / deposits held for regulatory or monetary control purposes	(4,019,783)	7,148,500	(4,019,783)	7,148,500
Financial assets at amortised cost - Loans to and receivables from other customers	(46,816,843)	11,974,105	(46,816,843)	11,974,105
Others	(154,050)	876,597	(263,860)	853,366
Increase /(decrease) in operating liabilities:				
Financial liabilities at amortised cost - Due to depositors	41,569,848	23,600,197	41,150,215	23,426,917
Negotiable certificates of deposits	(326,175)	(925,169)	(326,175)	(925,169)
Others	1,342,687	428,059	1,568,125	499,084
Net cash flows from operating activities before income tax	4,464,719	63,584,562	4,497,544	63,687,197
Income tax paid	(4,658,838)	(3,312,024)	(4,728,459)	(3,407,338)
Net cash flows (used in) / from operating activities	(194,119)	60,272,538	(230,915)	60,279,859
Cash flows from investing activities				
Dividend received from other investments	731,062	71,909	731,062	71,909
Government Securities- net	(818,689)	(50,731,221)	(818,689)	(50,731,221)
Proceeds from sale and redemption of securities	4,311,699	240,748	4,331,699	240,748
Purchase of financial investments	(6,009,313)	(1,290,092)	(6,010,789)	(1,290,092)
Purchase of property, equipment, intangibles and investment property	(806,956)	(618,665)	(808,898)	(627,318)
Proceeds from sale of equipment, investment property and others	-	7,013	-	7,013
Net cash flows used in investing activities	(2,592,197)	(52,320,308)	(2,575,615)	(52,328,961)
Cash flows from financing activities				
Redemption of debentures	(3,804,760)	(2,913,470)	(3,804,760)	(2,913,470)
Issue of debentures	8,000,000	-	8,000,000	-
Borrowing, medium and long - term	1,682,564	1,563,912	1,682,564	1,563,912
Other borrowings - net	(1,160,563)	6,111,771	(1,160,563)	6,111,771
Repayment of borrowing, medium and long - term	(10,380,925)	(7,353,204)	(10,380,925)	(7,353,204)
Dividends paid	(1,265,846)	(120,882)	(1,265,846)	(120,882)
Net Cash flows used in from financing activities	(6,929,530)	(2,711,873)	(6,929,530)	(2,711,873)
Net (decrease) / increase in cash and cash equivalents	(9,715,846)	5,240,357	(9,736,060)	5,239,025
Cash and cash equivalents at the beginning of the period	43,616,566	31,347,257	43,657,050	31,369,128
Cash and cash equivalents at the end of the period	33,900,720	36,587,614	33,920,990	36,608,153
Reconciliation of cash and cash equivalents with items reported in the statement of financial position				
Cash and cash equivalents	12,268,911	13,226,607	12,289,181	13,239,026
Placements with banks	21,631,809	23,361,007	21,631,809	23,369,127
	33,900,720	36,587,614	33,920,990	36,608,153

The Statement of Cash Flows 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 were no changes to the accounting policies and method of computation since the publication of the last annual financial statements.

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 3.1 31 March Financial Year Company

This is Lanka Industrial Estates Ltd.

Note 4. Expected Credit Loss calculation

In order to address the impacts of prevailing economic conditions on the lending portfolio, the Bank has made adequate impairment provision as at 30 September 2024 by introducing changes to internal models to cover unseen risk factors including additional provisions made as management overlay for the exposures to risk elevated sectors.

The main uncertainties regarding the estimations for the recoverability of the Bank's total exposure related to the debt service capacity of the Government of Sri Lanka, which, in turn, is affected by the development of the prevailing macroeconomic environment as well as by the levels of liquidity of the Government and the outcome of the Debt restructuring negotiations with the International Monetary Fund (IMF) and the resultant comprehensive debt restructuring program. Due to the uncertainties relating to the above, the Bank has used significant judgement using the information available as at reporting date to estimate the recoverable value of foreign currency denominated investment securities issued by Government of Sri Lanka. Accordingly, an impairment charge has been recognized to maintain a minimum provision cover of 55% on above investments.

Note 5. Net gains/ (losses) from trading

For the period ended 30 September

Derivative Financial Instruments

Forward exchange fair value changes from banks and other customers

Gains on financial assets fair value through profit or loss - equity securities

Foreign exchange from Banks and Other Customers**Financial assets recognized through profit or loss - measured at fair value***Government securities*

- Net marked to market losses

- Net capital gains

Equities

- Net marked to market gains / (losses)

- Net capital gains

- Dividend income

	Bank		Group	
	2024	2023	2024	2023
	LKR 000	LKR 000	LKR 000	LKR 000
Forward exchange fair value changes from banks and other customers	2,818	(307,599)	2,818	(307,599)
Gains on financial assets fair value through profit or loss - equity securities	123,651	6,093	123,651	6,093
Foreign exchange from Banks and Other Customers	146,600	1,723,041	146,600	1,723,041
Financial assets recognized through profit or loss - measured at fair value				
<i>Government securities</i>				
- Net marked to market losses	(4,683)	(9,873)	(4,683)	(9,873)
- Net capital gains	5,177	10,348	5,177	10,348
<i>Equities</i>				
- Net marked to market gains / (losses)	270,237	(100,642)	270,237	(100,642)
- Net capital gains	74,576	16,492	74,576	16,492
- Dividend income	40,979	35,694	40,979	35,694
	659,355	1,373,554	659,355	1,373,554

Note 6. Net Other Operating Income

For the period ended 30 September

Financial assets measured at fair value through other comprehensive income

Dividend income

Premises rental income

Net gains on sale of property, plant and equipment

Foreign exchange gains/ (losses)

Recovery of loans written-off

Others

	Bank		Group	
	2024	2023	2024	2023
	LKR 000	LKR 000	LKR 000	LKR 000
Dividend income	963,389	588,047	963,389	588,047
Premises rental income	-	-	349,539	319,353
Net gains on sale of property, plant and equipment	16,801	9,785	16,801	9,785
Foreign exchange gains/ (losses)	14,167	(18,702)	2,560	(24,104)
Recovery of loans written-off	20,012	11,757	20,372	11,757
Others	34,375	91,114	219,094	247,052
	1,048,744	682,001	1,571,755	1,151,890

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

As at	Bank		Group	
	30.09.2024	31.12.2023 (Audited)	30.09.2024	31.12.2023 (Audited)
	LKR 000	LKR 000	LKR 000	LKR 000
Gross loans and receivables (Note 7.1)	432,495,972	394,684,722	432,495,972	394,684,722
Less: Allowance for impairment (Note 7.2)	(49,034,598)	(45,917,256)	(49,034,598)	(45,917,256)
Net loans and receivables	383,461,374	348,767,466	383,461,374	348,767,466

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

As at	Bank		Group	
	30.09.2024	31.12.2023 (Audited)	30.09.2024	31.12.2023 (Audited)
	LKR 000	LKR 000	LKR 000	LKR 000
By product-Domestic Currency				
Overdrafts	56,229,433	50,352,343	56,229,433	50,352,343
Trade finance	40,088,272	29,793,994	40,088,272	29,793,994
Credit cards	7,382,535	6,820,265	7,382,535	6,820,265
Pawning	14,653,067	13,258,894	14,653,067	13,258,894
Staff loans	2,676,363	2,365,949	2,676,363	2,365,949
Term loans	224,419,518	223,458,741	224,419,518	223,458,741
Lease rentals receivable	24,767,977	15,404,967	24,767,977	15,404,967
	370,217,165	341,455,153	370,217,165	341,455,153
By product-Foreign Currency				
Overdrafts	1,041,057	884,541	1,041,057	884,541
Trade finance	24,366,564	18,937,076	24,366,564	18,937,076
Term loans	36,871,186	33,407,952	36,871,186	33,407,952
	62,278,807	53,229,569	62,278,807	53,229,569
Gross loans and receivables	432,495,972	394,684,722	432,495,972	394,684,722

Note 7.2 Movement in Impairment during the period

	Bank		Group	
	30.09.2024	31.12.2023 (Audited)	30.09.2024	31.12.2023 (Audited)
	LKR 000	LKR 000	LKR 000	LKR 000
Stage 1				
Balance at beginning	3,500,658	4,495,287	3,500,658	4,495,287
Charge/ (reversal) to income statement	37,465	(994,629)	37,465	(994,629)
Balance at end	3,538,123	3,500,658	3,538,123	3,500,658
Stage 2				
Balance at beginning	7,235,925	5,677,290	7,235,925	5,677,290
(Reversal)/ charge to income statement	(518,506)	1,558,635	(518,506)	1,558,635
Balance at end	6,717,419	7,235,925	6,717,419	7,235,925
Stage 3				
Balance at beginning	35,180,673	23,731,223	35,180,673	23,731,223
Charge to income statement	4,057,744	11,967,805	4,057,744	11,967,805
Other movements	(459,361)	(518,355)	(459,361)	(518,355)
Balance at end	38,779,056	35,180,673	38,779,056	35,180,673
Total Impairment	49,034,598	45,917,256	49,034,598	45,917,256

Note 8 . Analysis of Commitments and Contingencies and Impairment

	As at	Bank		Group	
		30.09.2024	31.12.2023 (Audited)	30.09.2024	31.12.2023 (Audited)
		LKR 000	LKR 000	LKR 000	LKR 000
8.1	Gross commitment and contingencies	223,102,819	193,992,770	223,102,819	193,992,770
	Accumulated impairment under stage 1	690,166	625,189	690,166	625,189
	Accumulated impairment under stage 2	203,445	81,149	203,445	81,149
	Accumulated impairment under stage 3	421,760	-	421,760	-
	Net commitments and contingencies	221,787,448	193,286,432	221,787,448	193,286,432
8.2	Product-wise commitments and contingencies				
	Domestic currency				
	Credit related commitments and contingencies				
	Undrawn -Credit facilities	91,728,886	73,687,016	91,728,886	73,687,016
	Acceptances	18,728	149,688	18,728	149,688
	Documentary Letter of credit	605,797	320,305	605,797	320,305
	Guarantees and other Commitments	19,919,108	19,236,076	19,919,108	19,236,076
		112,272,519	93,393,085	112,272,519	93,393,085
	Other commitments and contingencies				
	Capital commitments	314,531	889,385	314,531	889,385
	Bid Bonds	1,061,291	627,145	1,061,291	627,145
		1,375,822	1,516,530	1,375,822	1,516,530
	Sub total	113,648,341	94,909,615	113,648,341	94,909,615
	Foreign currency				
	Credit related commitments and contingencies				
	Undrawn - Credit facilities	13,806,113	15,614,619	13,806,113	15,614,619
	Acceptances	9,843,487	5,522,887	9,843,487	5,522,887
	Documentary Letter of credit	14,641,088	8,182,563	14,641,088	8,182,563
	Guarantees and other Commitments	5,220,771	5,828,390	5,220,771	5,828,390
		43,511,459	35,148,459	43,511,459	35,148,459
	Other commitments and contingencies				
	Forward exchange contracts	65,646,349	63,934,696	65,646,349	63,934,696
	Capital commitments	277,851	-	277,851	-
	Bid Bonds	18,819	-	18,819	-
		65,943,019	63,934,696	65,943,019	63,934,696
	Sub total	109,454,478	99,083,155	109,454,478	99,083,155
	Total gross commitments and contingencies	223,102,819	193,992,770	223,102,819	193,992,770

8.3	Bank	Stage 01	Stage 02	Stage 03	Total
		LKR 000	LKR 000	LKR 000	LKR 000
	Balance as at 1st January 2024	625,189	81,149	-	706,338
	Net charge to profit or loss	64,977	122,296	421,760	609,033
	Balance as at 30 September 2024	690,166	203,445	421,760	1,315,371

Group	Stage 01	Stage 02	Stage 03	Total
	LKR 000	LKR 000	LKR 000	LKR 000
Balance as at 1st January 2024	625,189	81,149	-	706,338
Net charge to profit or loss	64,977	122,296	421,760	609,033
Balance as at 30 September 2024	690,166	203,445	421,760	1,315,371

Note 9. Assets Held for Sale

DFCC Bank PLC (The Bank) made an announcement to Colombo stock exchange (CSE) disclosing its intention to divest from investment in joint venture of Acuity Partners (Pvt) Ltd. The Board of Directors convened and granted its approval on August 30, 2024, to proceed with the activities relating to divest the Bank's 50% stake and the Bank actively seek avenues to divest the holdings.

Accordingly, the investment in joint venture is presented as Assets held for sale in these financial statements as at 30 September 2024 based on the SLFRS 5- "Non-current asset held for sale and discontinued operation"

As at	Bank		Group	
	30.09.2024	31.12.2023 (Audited)	30.09.2024	31.12.2023 (Audited)
	LKR 000	LKR 000	LKR 000	LKR 000
Investment in Joint Venture (Reclassified)	755,000	755,000	4,803,027	4,803,027
Assets Held for sale	755,000	755,000	4,803,027	4,803,027

9.1 Impairment losses relating to Assets Held for Sale

There was no impairment losses to be recognised in the financial statements for the period ended 30 September 2024, in respect of the asset held for sale.

Note 10. Financial liabilities at amortized cost - Due to depositors

As at	Bank		Group	
	30.09.2024	31.12.2023 (Audited)	30.09.2024	31.12.2023 (Audited)
	LKR 000	LKR 000	LKR 000	LKR 000
By product-Domestic Currency				
Demand deposits (current accounts)	14,236,036	11,627,793	14,231,674	11,627,528
Savings deposits	68,589,808	57,892,200	68,398,810	57,844,664
Fixed deposits	255,126,589	249,984,259	254,550,549	249,469,800
Other deposits	408,723	394,262	408,723	394,262
Certificate of deposits	25,817	375,333	25,817	375,333
	338,386,973	320,273,847	337,615,573	319,711,587
By product- Foreign Currency				
Demand deposits (current accounts)	957,614	736,100	957,614	736,100
Savings deposits	29,481,530	26,213,606	29,415,656	26,176,981
Fixed deposits	71,385,681	59,999,375	71,346,045	59,957,811
Other deposits	-	2,385	-	2,385
	101,824,825	86,951,466	101,719,315	86,873,277
Total	440,211,798	407,225,313	439,334,888	406,584,864

Note 11. Reclassifications of Financial Instrument

Reclassifications of Financial Instrument considering the unprecedented changes in the macro-economic conditions, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) has decided to issue the "Statement of Alternative Treatment (SoAT) on Reclassification of Debt Portfolio". This SoAT will provide a temporary practical expedient to permit the entities to reclassify the debt portfolio measured at Fair Value through Other Comprehensive Income (FVTOCI) to amortised cost.

The Bank used this option to reclassify long term debt instruments subsequent to the initial recognition. The fair value of the debt portfolio reclassified during year 2022 and remaining as at 30 September 2024 amounted to LKR 8.7 Bn. and cumulative fair value loss thereon amounted to LKR 0.2 Bn. (net of tax LKR 0.1 Bn.).

Note 12. Events after the reporting period

There were no material events that took place after the reporting date which require adjustment to or disclosure in the Financial Statements.

Note 13. Disclosures under Listing Rules

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

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.

There is no management fees or similar expenditure provided for in the Financial Statements.

13.2 Stated capital

As at	Number of shares	
	30.09.2024	31.12.2023
Number of shares of the Bank	432,658,011	421,948,655

13.3 Market price of a share

Information on shares of the Bank for the quarter ended	30.09.2024	31.12.2023
- Highest price LKR	78.50	88.00
- Lowest price LKR	65.00	75.40
- Market price LKR	77.00	79.60

13.4 Twenty Major Shareholders as at 30.09.2024

	Name of Shareholder/Company	Shareholding	%
1	Hatton National Bank PLC A/C No 1	53,964,933	12.47
2	Bank of Ceylon-No2 A/C (BOC PTF)	45,261,691	10.46
3	Sampath Bank PLC / LOLC Investment Holdings Three Private Limited	42,194,864	9.75
4	Mr. M.A.Yaseen	36,425,874	8.41
5	Sri Lanka Insurance Corporation Ltd-Life Fund	32,812,546	7.58
6	Employee's Provident Fund	28,995,322	6.70
7	LOLC Finance PLC/ Don & Don Holdings (Pvt) Ltd	28,151,601	6.50
8	Melstacorp PLC	26,633,027	6.15
9	Seafeld International Limited	21,080,233	4.87
10	People's Leasing & Finance PLC / Don And Don Holdings (Private) Limited	10,142,522	2.34
11	Renuka City Hotels PLC	8,241,899	1.90
12	Seylan Bank PLC / ARRC Capital (Pvt) Ltd	5,070,812	1.17
13	Renuka Hotels PLC	4,846,664	1.12
14	Employees Trust Fund Board	4,745,041	1.09
15	Cargo Boat Development Company PLC	3,277,180	0.75
16	Akbar Brothers Pvt Ltd A/C No 1	3,229,014	0.74
17	Don And Don Holdings Privat Limited	2,872,839	0.66
18	Peoples Leasing and Finance PLC/ M.E. Amarasinghe	2,577,938	0.59
19	Sri Lanka Insurance Corporation Ltd- General Fund	2,562,622	0.59
20	Stassen exports (Pvt) Limited	2,256,884	0.52

13.5 Public Holdings as at 30.09.2024

Public holdings percentage	67.017%
Number of Public shareholders	10,802
Float adjusted market capitalisation	LKR 22,327 million
Applicable option as per CSE Listing Rule 7.13.1 (i) (a)	Option 1

13.6 Directors' Interests in Shares

	No of Shares As at 30.09.2024
W D Batagoda	Nil
J Durairatnam	Nil
Ms L K A H Fernando	Nil
W R H Fernando	Nil
N K G K Nemmawatta	Nil
N H T I Perera	26,469
Ms A L Thambiayah	107,761
N Vasantha Kumar	1,845
H A J de Silva Wijeyeratne	13,232
P A Jayatunga- (Appointed as a non-executive non-independent director with effect from 1 Nov 2024)	
Ms V J Senaratne - (Retired on 05 July 2024)	
Ms H M N S Gunawardana - (Retired on 10 August 2024)	

Certification

These Financial Statements have been prepared in compliance with requirements of the Companies Act No 07 of 2007.

Chinthika Amarasekera Chief Financial Officer

We, the undersigned, being the Director, the Chief Executive 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.

H A J de Silva Wijeyeratne
Director

Thimal Perera
Director / Chief Executive Officer

Listed Debentures

Debenture Category	Interest rate	Effective	Coupon	Interest rate of	Balance as at	Market price LKR			Yield	Last	
	Frequency	Rate	Rate	Comparative		30.09.2024	Highest	Lowest	Last Traded	Last Traded %	Traded Date
				Government							
				Securities							
		%	%	(Gross) p.a.	LKR 000						
Fixed Rate											
2018/2025	Annually	13.00	13.00	10.07	4,348,565	N/T	N/T	N/T	N/A	N/A	
2019/2026	Annually	13.75	13.75	10.43	1,904,550	N/T	N/T	N/T	N/A	N/A	
2019/2029	Annually	13.90	13.90	12.42	4,706,897	N/T	N/T	N/T	N/A	N/A	
2020/2025	Annually	9.00	9.00	10.21	4,679,053	N/T	N/T	N/T	N/A	N/A	
2020/2027	Annually	9.25	9.25	11.67	222,464	N/T	N/T	N/T	N/A	N/A	
2024/2027	Annually	12.00	12.00	11.63	2,502,883	N/T	N/T	N/T	N/A	N/A	
2024/2029	Annually	15.25	15.25	12.42	8,770,332	N/T	N/T	N/T	N/A	N/A	
2024/2031	Annually	14.75	14.75	12.73	60,397	N/T	N/T	N/T	N/A	N/A	

N/T -Not traded

Disclosures regarding the utilization of funds as per the objectives stated in the Green Bond Issue Prospectus

Objective as per Prospectus	Amount allocated as per Prospectus	Proposed Date of allocation as per Prospectus	Amount allocated from Proceeds (A)	% of Total Proceeds	Amount utilized as at 30.09.2024 (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.)
Financing the establishment, acquisition, expansion, and/or ongoing management of on -shore ground and rooftop mounted solar photovoltaic (PV) power generation facilities	LKR 2,500 Mn (Maximum issuance)	In up to 18 months upon allotment of the Bonds	LKR 1,510 Mn	60.4%	LKR 50 Mn	3.3%	Invested in Government Securities
Refinancing existing on-shore ground and rooftop mounted solar photovoltaic (PV) power generation facilities provided such projects were approved for financing by the Bank and were commissioned within a two (2) year 'lookback' period from the date the project was earmarked for funding by the proceeds of the particular Green Bond.		Immediately, upon allotment of bonds	LKR 990 Mn	39.6%	LKR 990 Mn	100.0%	N/A

* Date of allotment of Green Bonds - 24.09.2024

Selected Performance Indicators

	Bank		Group	
	30.09.2024	31.12.2023	30.09.2024	31.12.2023
Regulatory Capital (LKR '000)				
Common Equity Tier I	44,406,129	43,632,489	48,286,923	47,491,186
Tier 1 Capital	44,406,129	43,632,489	48,286,923	47,491,186
Total Capital	59,542,950	51,304,881	63,432,678	55,171,248
Regulatory Capital Ratios %				
Common Equity Tier 1 Capital Ratio (Minimum requirement - 7%)	10.708	11.490	11.603	12.464
Tier 1 Capital Ratio (Minimum requirement - 8.5%)	10.708	11.490	11.603	12.464
Total Capital Ratio (Minimum requirement - 12.5%)	14.358	13.511	15.242	14.480
Leverage Ratio (Minimum requirement is 3%)	6.43	6.25	6.96	6.77
Regulatory Liquidity				
Total Stock of High-Quality Liquid Assets (LKR '000)	159,260,245	151,562,260		
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement - 100%)	344.41	715.50		
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement - 100%)	271.46	597.47		
Net Stable Funding Ratio (%) (Minimum requirement - 100%)	121.54	124.60		
Asset Quality				
Impaired Loans (Stage 3) Ratio (%)	6.01	7.03		
Impairment (Stage 3) to Stage 3 Loans Ratio (%)	52.85	49.31		
Profitability				
Interest margin %	4.20	5.18		
Return on assets (profit before tax) %	1.86	1.82		
Return on equity (profit after tax) %	10.82	12.19		
Other Ratios				
Debt to equity ratio (times)	2.20	2.54		
Interest cover (times)	2.76	2.27		

Analysis of Financial Instruments By Measurement Basis

	Bank				Group			
	Fair value through profit or loss - mandatory	Fair value through other comprehensive income	Amortised cost	Total	Fair value through profit or loss - mandatory	Fair value through other comprehensive income	Amortised cost	Total
As at 30 September 2024	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000
Financial Assets								
Cash and cash equivalents	-	-	12,268,911	12,268,911	-	-	12,289,181	12,289,181
Balances with Central Bank of Sri Lanka	-	-	6,127,559	6,127,559	-	-	6,127,559	6,127,559
Placements with banks	-	-	21,631,809	21,631,809	-	-	21,631,809	21,631,809
Derivative financial assets	11,675,486	-	-	11,675,486	11,675,486	-	-	11,675,486
Financial assets measured at fair value through profit or loss	4,382,075	-	-	4,382,075	4,382,075	-	-	4,382,075
Financial assets at amortised cost -Loans to and receivables from other customers	-	-	383,461,374	383,461,374	-	-	383,461,374	383,461,374
Financial assets at amortised cost - Debt and other instruments	-	-	101,762,243	101,762,243	-	-	101,819,185	101,819,185
Financial assets measured at fair value through other comprehensive income	-	114,163,586	-	114,163,586	-	114,163,586	-	114,163,586
Other assets	-	-	4,866,210	4,866,210	-	-	5,024,570	5,024,570
Total financial assets	16,057,561	114,163,586	530,118,105	660,339,252	16,057,561	114,163,586	530,353,678	660,574,825
Financial Liabilities								
Due to banks	-	-	18,383,270	18,383,270	-	-	18,383,270	18,383,270
Derivative financial liabilities	919,546	-	-	919,546	919,546	-	-	919,546
Financial liabilities at amortised cost -Due to depositors	-	-	440,211,798	440,211,798	-	-	439,334,888	439,334,888
Financial liabilities at amortised cost - Due to other borrowers	-	-	92,979,371	92,979,371	-	-	92,979,371	92,979,371
Debt securities in issue	-	-	14,276,408	14,276,408	-	-	14,276,408	14,276,408
Other liabilities	-	-	5,885,732	5,885,732	-	-	6,270,421	6,270,421
Subordinated term debt	-	-	18,080,812	18,080,812	-	-	18,080,812	18,080,812
Total financial liabilities	919,546	-	589,817,391	590,736,937	919,546	-	589,325,170	590,244,716

	Bank				Group			
	Fair value through profit or loss - mandatory	Fair value through other comprehensive income	Amortised cost	Total	Fair value through profit or loss - mandatory	Fair value through other comprehensive income	Amortised cost	Total
As at 31 December 2023	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000
Financial Assets								
Cash and cash equivalents	-	-	14,478,468	14,478,468	-	-	14,483,062	14,483,062
Balances with Central Bank of Sri Lanka	-	-	2,107,776	2,107,776	-	-	2,107,776	2,107,776
Placements with banks	-	-	29,138,098	29,138,098	-	-	29,173,988	29,173,988
Derivative financial assets	16,499,171	-	-	16,499,171	16,499,171	-	-	16,499,171
Financial assets measured at fair value through profit or loss	1,740,928	-	-	1,740,928	1,740,928	-	-	1,740,928
Financial assets at amortised cost -Loans to and receivables from other customers	-	-	348,767,466	348,767,466	-	-	348,767,466	348,767,466
Financial assets at amortised cost - Debt and other instruments	-	-	68,031,313	68,031,313	-	-	68,094,041	68,094,041
Financial assets measured at fair value through other comprehensive income	-	134,902,765	-	134,902,765	-	134,902,765	-	134,902,765
Other assets	-	-	10,569,550	10,569,550	-	-	10,738,637	10,738,637
Total financial assets	18,240,099	134,902,765	473,092,671	626,235,535	18,240,099	134,902,765	473,364,970	626,507,834
Financial Liabilities								
Due to banks	-	-	52,793,464	52,793,464	-	-	52,793,464	52,793,464
Derivative financial liabilities	381,653	-	-	381,653	381,653	-	-	381,653
Financial liabilities at amortised cost -Due to depositors	-	-	407,225,313	407,225,313	-	-	406,584,864	406,584,864
Financial liabilities at amortised cost - Due to other borrowers	-	-	72,022,734	72,022,734	-	-	72,022,734	72,022,734
Debt securities in issue	-	-	16,311,577	16,311,577	-	-	16,311,577	16,311,577
Other liabilities	-	-	5,566,307	5,566,307	-	-	5,789,243	5,789,243
Subordinated term debt	-	-	9,072,265	9,072,265	-	-	9,072,265	9,072,265
Total financial liabilities	381,653	-	562,991,660	563,373,313	381,653	-	562,574,147	562,955,800

Fair Values of Financial Instruments

Financial Instruments Recorded at Fair Value

The following is a description of how fair values are determined for financial instruments that are recorded at fair value using valuation techniques. These incorporate the Bank's estimate of assumptions that a market participant would make when valuing the instruments.

(a) Derivatives

Derivative products valued with market-observable inputs are mainly currency swaps and forward foreign exchange contracts. Such valuations incorporate various inputs such as foreign exchange spot and forward rates.

(b) Financial Assets at Fair Value through Other Comprehensive Income

Financial Assets at Fair Value through Other Comprehensive Income are valued using valuation techniques or pricing models primarily consisted of unquoted equities.

(c) Financial Assets at Fair Value through Profit or Loss

Quoted Equities and Sri Lanka Government Securities - are included under Financial Assets at Fair Value through Profit or Loss are valued using market prices.

Determination of Fair Value and Fair Value Hierarchy

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial instruments and non financial assets and liabilities recorded at fair value by level of fair value hierarchy

As at 30 September 2024	Level 1 LKR 000	Level 2 LKR 000	Level 3 LKR 000	Total LKR 000
Financial Assets				
Derivative financial assets				
Forward foreign exchange contracts	-	11,675,486	-	11,675,486
Financial assets measured at fair value through profit or loss				
Government of Sri Lanka Treasury Bills and Bonds	708,620	-	-	708,620
Equity securities - quoted	1,511,102	-	-	1,511,102
Units in unit trusts - quoted	3,740	-	-	3,740
Units in unit trusts - unquoted	-	2,158,613	-	2,158,613
Financial assets measured at fair value through other comprehensive income				
Government of Sri Lanka Treasury Bills and Bonds	95,295,580	-	-	95,295,580
US Treasury Bill	599,363	-	-	599,363
Equity shares- quoted	17,968,059	-	-	17,968,059
Equity shares- unquoted	-	-	300,583	300,583
	116,086,464	13,834,099	300,583	130,221,146
Financial Liabilities				
Derivative financial liabilities				
Forward foreign exchange contracts	-	919,546	-	919,546
	-	919,546	-	919,546

As at 31st December 2023	Level 1 LKR 000	Level 2 LKR 000	Level 3 LKR 000	Total LKR 000
Financial Assets				
Derivative financial assets				
Forward foreign exchange contracts	-	16,499,171	-	16,499,171
Financial assets measured at fair value through profit or loss				
Government of Sri Lanka Treasury Bills and Bonds	532,932	-	-	532,932
Equity securities - quoted	1,169,294	-	-	1,169,294
Units in unit trusts - quoted	3,740	-	-	3,740
Units in unit trusts - unquoted	-	34,962	-	34,962
Financial assets measured at fair value through other comprehensive income				
Government of Sri Lanka Treasury Bills and Bonds	117,448,154	-	-	117,448,154
US Treasury Bill	949,477	-	-	949,477
Equity shares- quoted	16,267,149	-	-	16,267,149
Equity shares- unquoted	-	-	237,985	237,985
	136,370,746	16,534,133	237,985	153,142,864
Financial Liabilities				
Derivative financial liabilities				
Forward foreign exchange contracts	-	381,653	-	381,653
	-	381,653	-	381,653

Set out below is a comparison, by class, of the carrying amounts and fair values of the Bank's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

	As at 30 September 2024		As at 31st December 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	12,268,911	12,268,911	14,478,468	14,478,468
Balances with Central Bank of Sri Lanka	6,127,559	6,127,559	2,107,776	2,107,776
Placements with banks	21,631,809	21,631,809	29,138,098	29,138,098
Financial assets at amortised cost - Loans to and receivables from other customers	383,461,374	360,521,482	348,767,466	322,590,049
Financial assets at amortised cost - Debt and other instruments	101,762,243	101,948,826	68,031,313	73,712,323
Other financial assets	4,866,210	4,866,210	10,569,550	10,569,550
Financial Liabilities				
Due to banks	18,383,270	18,383,270	52,793,464	52,793,464
Financial liabilities at amortised cost - due to depositors	440,211,798	434,823,051	407,225,313	427,279,084
Financial liabilities at amortised cost - due to other borrowers	92,979,371	92,979,371	72,022,734	72,022,734
Debt securities in issue	14,276,408	14,097,489	16,311,577	15,579,739
Other financial liabilities	5,885,732	5,885,732	5,566,307	5,566,307
Subordinated term debt	18,080,812	13,174,146	9,072,265	8,340,427

Fair Value of Financial Assets and Liabilities not Carried at Fair Value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the Financial Statements.

Assets for which Fair Value Approximates Carrying Value

For financial assets and financial liabilities that have a short term maturity, it is assumed that the carrying amounts approximate their fair value. This assumption is applied for Cash and Cash Equivalents, Balances with Central Bank of Sri Lanka, Placements with Banks and Securities Purchased under Re-sale Agreements. This assumption is also applied to demand deposits, savings accounts without a specific maturity, floating rate instruments and fixed rate instruments having maturities within 12 months.

Fixed Rate Financial Instruments

The fair value of fixed rate financial assets and liabilities (other than assets and liabilities with maturities within 12 months) carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments.

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

	Equity Securities	
	Bank/Group	
	2024	2023
	LKR 000	LKR 000
Balance at 1 January	254,551	237,985
Purchased during the period		
Gain included in OCI		
– Net change in fair value (unrealised)	-	16,566
Balance at end of the period	254,551	254,551

Sensitivity analysis

For the fair values of equity securities, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

	OCI Net of Tax	
	Increase	Decrease
	LKR 000	LKR 000
Equity securities as at 30.09.2024		
Adjusted net assets value (5% movement)	12,728	(12,728)

OPERATING SEGMENTS - GROUP

Information about reportable segments

For the period ended 30 September	Corporate Banking		Retail Banking		Treasury		Other		Unallocated		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000
Net interest income	2,442,285	3,199,028	8,334,521	8,314,706	6,936,048	9,173,406	73,317	89,978	3,021,239	2,967,730	20,807,410	23,744,848
Net fees and commission income	919,189	1,004,212	1,965,441	1,756,139	(20,993)	(2,188)	(588)	(828)	204,331	89,511	3,067,380	2,846,846
Net gains from trading	150,013	372,591	79,893	183,492	429,193	817,471	-	-	256	-	659,355	1,373,554
Net gains from derecognition of financial assets	-	-	-	-	211,514	2,618,875	-	-	-	-	211,514	2,618,875
Net other operating income	16,408	7,152	35,455	3	-	-	523,010	469,889	996,882	674,846	1,571,755	1,151,890
Total operating income	3,527,895	4,582,983	10,415,310	10,254,340	7,555,762	12,607,564	595,739	559,039	4,222,708	3,732,087	26,317,414	31,736,013
Impairment for loans and other losses	(1,992,542)	(2,084,200)	(1,841,620)	(4,684,801)	1,874,698	(570,649)	-	-	(350,990)	(4,773,849)	(2,310,454)	(12,113,499)
Net operating income/ Segment Result	1,535,353	2,498,783	8,573,690	5,569,539	9,430,460	12,036,915	595,739	559,039	3,871,718	(1,041,762)	24,006,960	19,622,514
Operating profit after taxes on financial services											9,908,023	8,680,626
Share of profits of associate											1,125	809
Profit for the period from discontinued operation											820,619	1,256,603
Income tax expense											(3,601,356)	(2,874,482)
Non-controlling interest											138,259	129,915
Net profit for the period, attributable to equity holders of the Bank											6,990,152	6,933,641

As at 30 September	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000
Segment assets	157,565,234	136,058,757	225,868,217	195,903,433	264,686,165	224,931,812	1,175,963	1,084,299	31,612,161	41,312,567	680,907,741	599,290,868
Segment liabilities	69,071,770	58,511,940	371,147,717	332,721,769	144,639,407	122,295,967	593,957	576,947	16,735,794	14,985,121	602,188,644	529,091,744

For the period ended 30 September	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000
Information on cash flows												
Cash flows from operating activities	-	-	-	-	-	-	-	-	-	-	(230,915)	60,279,859
Cash flows from investing activities	-	-	-	-	-	-	-	-	-	-	(2,575,615)	(52,328,961)
Cash flows from financing activities	-	-	-	-	-	-	-	-	-	-	(6,929,530)	(2,711,873)
Net cash flows generated during the period	-	-	-	-	-	-	-	-	-	-	(9,736,060)	5,239,025
Capital expenditure:												
Property, plant and equipment	-	-	-	73,177	-	-	406,051	-	-	-	406,051	73,177
Intangible assets	-	-	-	-	-	-	69,217	-	-	-	69,217	-
Total capital expenditure											475,269	73,177