



Results for the Three months Ended 30 June 2015

This commentary relates to the interim non-audited financial statements for 3 months ended 30 June 2015. These Financial Statements are presented in accordance with Sri Lanka Financial Reporting Standards (SLFRS) aligned with International Financial Reporting Standards (IFRS).

GROUP PERFORMANCE

The DFCC Group recorded a consolidated profit after tax of LKR 637m for the three months ended 30 June 2015 compared with LKR 1,138m in the corresponding period of the previous year (comparable period). The prior period included a one off adjustment due to a change to the impairment assessment process.

The Banking Business comprising the DFCC Bank (DFCC), a licensed specialized bank and its 99% owned subsidiary DFCC Vardhana Bank PLC (DVB), a licensed commercial bank contributed LKR 643m to profit after tax. The contribution from all other subsidiaries, joint venture and associate company collectively was LKR 1m.

BANKING BUSINESS

The Banking Business of the DFCC Group is undertaken by DFCC and DVB. Both banks function as one economic entity and as such it is appropriate to analyse the consolidated performance of the two banks as DFCC Banking Business (DBB). A consolidated Income statement for DBB has been released to the Colombo Stock Exchange as supplementary financial information. This statement was derived from the interim financial statements. Since the financial year of DVB ends in December, the accounts of DVB are consolidated with a 3 month lag.

DBB recorded a profit after tax (PAT) of LKR 643 m during the current quarter. The PAT for the previous comparable period included an adjustment arising from a change to the impairment assessment processes which contributed LKR 553 m to PAT. The PAT for the current period of LKR 643 is an increase of 20% over that for the previous period excluding the one off adjustment referred to above.

Net Interest Income (NII) of DBB for the period increased by 4% from LKR 1,693m to LKR 1,757m. DBB also achieved a credit growth of 4% during the quarter to 30 June 2015.

Net fee and commission income of DBB in the current period increased by 23% to LKR 259m compared to LKR 211m in the previous comparable period. Fee income is generated largely

by DVB the commercial banking subsidiary from trade finance and commercial banking services.

The Gain on Sale of equity securities by the Bank was LKR 37m compared to LKR 100m in the comparable period.

The forward exchange contracts are accounted as a derivative and its fair value changes are reported as net gain / (loss) from financial instruments at fair value through profit or loss in the income statement.

The cumulative allowance for impairment for loans and advances was maintained at a healthy level of 70% as a percentage of impaired loans and advances of DBB on 30 June 2015.

Due to stringent cost management DBB was able to contain the overall operating cost increases to only 9% over that of the comparable period. The main increase in operating cost was due to an increase in personnel cost as a result of a salary revision that was effected during the second half of last year. In common with banking industry, personnel cost is a significant proportion of the operating expenses.

INVESTMENTS

Listed shares are classified as available for sale and carried at fair value. Fair value changes that represent unrealized gains/loss are recognized in other comprehensive income. During the period ended 30 June 2015, due to adverse market conditions the available for sale securities recorded a fair value loss of LKR 669 m. In the comparable period the fair value gain was LKR 2,289 m.

EQUITY CAPITAL

Under SLFRS, the total income for the period comprises the income reported in the income statement and other comprehensive income. The equity capital is significantly augmented due to the gain as a result of the recognition of shares listed in the Colombo Stock Exchange and owned by the bank at fair value.

PRUDENTIAL INDICATORS

The capital adequacy and liquidity ratios continued to be well above the stipulated regulatory minimum. The regulatory capital computation excludes fair value changes on financial assets classified as available for sale.

PROPOSED AMALGAMATION OF DFCC BANK PLC AND DFCC VARDHANA BANK PLC

Boards of Directors of DFCC Bank PLC (DFCC) and DFCC Vardhana Bank PLC (DVB) by resolutions passed on 15 May 2015 resolved to amalgamate DVB with DFCC subject to the approval of the shareholders and the Central Bank of Sri Lanka (CBSL), whereby the amalgamated entity (i.e surviving entity) will be DFCC which would operate as a Licensed Commercial Bank under the Banking Act No. 30 of 1988.

In order to proceed with the amalgamation, pursuant to a Board Resolution passed on 9 July 2015, an application has been made to the Central Bank for DFCC to be granted a license under the Banking Act to carry on the business of a commercial bank and we have also convened an Extraordinary General Meeting to be held on 28 August 2015 to obtain the approval of the shareholders.

Arjun Fernando
Chief Executive Officer

12 August 2015

DFCC Bank PLC
Income Statement

	Notes	Bank		Group	
		30.06.15 LKR 000	30.06.14 LKR 000	30.06.15 LKR 000	30.06.14 LKR 000
For the period ended					
Interest income		2,048,695	2,076,082	4,011,008	4,296,612
Interest expense		1,268,426	1,134,851	2,246,809	2,594,521
Net interest income		780,269	941,231	1,764,199	1,702,091
Fees and commission Income		30,285	39,980	269,106	243,400
Less- Fees and commission expenses		-	-	2,131	4,169
Net fees and commission income		30,285	39,980	266,975	239,231
Net gain from trading		18,573	46,427	61,910	78,946
Net loss from financial instruments at fair value through profit or loss	7	(130,760)	(253,223)	(192,371)	(269,121)
Net gain from financial investments	8	286,958	258,929	122,153	172,600
Other operating income (net)	9	144,477	220,581	315,453	291,036
Total operating income		1,129,802	1,253,925	2,338,319	2,214,783
Impairment for Loans and other losses					
- Individual impairment		39,980	(101,882)	121,887	41,873
- Collective impairment		2,564	(563,098)	51,688	(383,730)
- Others		(879)	3,362	1,161	3,362
Investment - impairment losses		1,681	-	-	-
Net operating Income		1,086,456	1,915,543	2,163,583	2,553,278
Operational expenses					
Personnel expenses		167,603	181,275	550,192	452,402
Depreciation and amortisation		35,322	34,845	96,488	91,747
Other expenses		136,942	121,690	397,626	399,520
Operating profit before value added tax and nation building tax on financial services		746,589	1,577,733	1,119,277	1,609,609
Value added tax and nation building tax on financial services		100,614	177,074	187,962	202,672
Operating profit after value added tax and nation building tax on financial services		645,975	1,400,659	931,315	1,406,937
Share of profits/ (loss) of associate and joint venture				(21,103)	5,542
Profit before tax		645,975	1,400,659	910,212	1,412,479
Income tax expense		111,355	236,357	273,174	274,378
Profit for the period		534,620	1,164,302	637,038	1,138,101
Profit attributable to					
Equity holders of the Bank		534,620	1,164,302	622,157	1,122,733
Non-controlling interests				14,881	15,368
Profit for the period		534,620	1,164,302	637,038	1,138,101
Basic earnings per ordinary share - LKR		2.02	4.39	2.35	4.24

Statement of Profit or Loss and Other Comprehensive Income
Bank
Group
For the period ended
Profit for the period
Other comprehensive income, net of tax
Other comprehensive income to be reclassified to income statement

Available for sale financial assets

Net change in fair value of available-for-sale financial assets

Net amount transferred to income statement on disposal of available-for-sale financial assets

Tax expense relating to available for sale financial assets

Share of other comprehensive income of associate and joint venture

Total Other comprehensive income to be reclassified to income statement
Other comprehensive income not to be reclassified to income statement

Actuarial gains and losses on defined benefit plans

Tax expense relating to Actuarial gains and losses on defined benefit plans

Total Other comprehensive income not to be reclassified to income statement
Other comprehensive income for the period, net of tax
Total comprehensive income for the period

Total comprehensive income attributable to:

Equity holders of the Bank

Non-controlling interests

Total comprehensive income for the period

	30.06.15 LKR 000	30.06.14 LKR 000	30.06.15 LKR 000	30.06.14 LKR 000
Profit for the period	534,620	1,164,302	637,038	1,138,101
Other comprehensive income, net of tax				
Other comprehensive income to be reclassified to income statement				
Available for sale financial assets				
Net change in fair value of available-for-sale financial assets	(554,132)	2,363,304	(647,803)	2,351,680
Net amount transferred to income statement on disposal of available-for-sale financial assets	(36,874)	(61,135)	(49,907)	(61,135)
Tax expense relating to available for sale financial assets	(908)	-	29,141	-
Share of other comprehensive income of associate and joint venture			(584)	(1,068)
Total Other comprehensive income to be reclassified to income statement	(591,914)	2,302,169	(669,153)	2,289,477
Other comprehensive income not to be reclassified to income statement				
Actuarial gains and losses on defined benefit plans	-	-	-	-
Tax expense relating to Actuarial gains and losses on defined benefit plans	-	-	-	-
Total Other comprehensive income not to be reclassified to income statement	-	-	-	-
Other comprehensive income for the period, net of tax	(591,914)	2,302,169	(669,153)	2,289,477
Total comprehensive income for the period	(57,294)	3,466,471	(32,115)	3,427,578
Total comprehensive income attributable to:				
Equity holders of the Bank	(57,294)	3,466,471	(46,356)	3,412,306
Non-controlling interests			14,241	15,272
Total comprehensive income for the period	(57,294)	3,466,471	(32,115)	3,427,578

Statement of Financial Position

As at	Notes	BANK		GROUP	
		30.06.2015 LKR 000	31.03.2015 LKR 000 Audited	30.06.2015 LKR 000	31.03.2015 LKR 000 Audited
Assets					
Cash and cash equivalents		627,920	110,576	3,399,192	4,060,820
Balances with Central Bank		-	-	3,049,109	2,616,406
Placements with banks		391,059	716,622	785,792	1,324,892
Derivative assets held for risk management		9,682	29,335	9,682	89,861
Other financial assets held-for-trading		1,052,515	1,469,166	4,607,228	1,469,166
Loans to and receivables from banks		344,691	484,067	4,044,420	3,563,647
Loans to and receivables from other customers	10	76,169,740	73,448,705	141,174,940	135,322,723
Financial investments - available-for-sale		27,940,048	27,823,496	45,944,004	45,826,878
Financial investments - held-to-maturity		2,974,962	2,085,921	11,843,433	10,872,287
Investments in subsidiaries		5,955,883	5,957,564	-	-
Investments in associates		35,270	35,270	66,049	63,960
Investments in joint ventures		655,000	655,000	1,124,707	1,124,025
Due from subsidiaries		172,223	135,091	-	-
Investment properties		-	-	213,739	186,070
Property, plant and equipment		325,080	351,207	987,919	1,051,932
Intangible assets		82,787	82,380	278,201	280,196
Goodwill on consolidation		-	-	156,226	156,226
Government grant receivable	12.1	380,625	483,727	380,625	483,727
Deferred tax asset		-	-	2,112	1,562
Income tax refund due		-	-	-	1,178
Prepayments		24,355	26,342	24,355	26,342
Other assets		390,436	717,125	1,834,518	2,088,401
Total assets		117,532,276	114,611,594	219,926,251	210,610,299
Liabilities					
Due to banks		4,940,720	1,928,867	11,523,195	5,972,567
Derivative liabilities held for risk management		9,742	1,737	46,244	37,153
Due to other customers	11	24,273,689	22,484,652	93,276,080	92,711,793
Other borrowing		22,987,032	24,361,797	42,235,049	38,846,172
Debt securities issued		19,286,671	19,445,924	19,286,671	19,445,924
Current tax liability		180,477	53,211	427,217	191,598
Deferred tax liability		451,279	486,855	591,847	642,021
Government grant deferred income	12.2	178,125	303,727	178,125	303,727
Other liabilities		2,146,028	840,156	4,039,922	2,586,927
Due to subsidiaries		-	31	-	-
Subordinated term debt		631,129	609,373	1,657,974	1,609,664
Total liabilities		75,084,892	70,516,330	173,262,324	162,347,546
Equity					
Stated capital	14.2	4,715,814	4,715,814	4,715,814	4,715,814
Statutory reserves		1,545,000	1,545,000	1,545,000	1,545,000
Retained earnings		5,485,685	6,541,651	11,810,803	12,755,357
Other reserves		30,700,885	31,292,799	28,224,187	28,892,700
Total equity attributable to equity holders of the Bank		42,447,384	44,095,264	46,295,804	47,908,871
Non-controlling interests				368,123	353,882
Total equity		42,447,384	44,095,264	46,663,927	48,262,753
Total equity and liabilities		117,532,276	114,611,594	219,926,251	210,610,299
Contingent liabilities and commitments		39,933,198	40,979,686	73,684,268	75,072,548
Net asset value per share, LKR		160.12	166.34	174.64	180.72

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

	30.06.2015	30.06.2014
- Highest price Rs.	230.00	161.90
- Lowest price Rs.	199.50	144.70
- Last traded price Rs.	199.80	159.00

Statement of Changes in Equity

Bank

For the period ended 30 June 2015

	Stated capital LKR 000	Statutory reserves		Other reserves		Retained earnings LKR 000	Total equity LKR 000
		Reserve fund LKR 000	Investment fund account LKR 000	Fair value reserve LKR 000	General reserves LKR 000		
Balance as at 01.04.2014	4,715,814	1,380,000	1,001,648	12,443,175	13,779,839	4,089,601	37,410,077
Profit for the period		-	-	-	-	1,164,302	1,164,302
Other comprehensive income		-	-	2,302,169	-	-	2,302,169
Total comprehensive income for the period		-	-	2,302,169	-	1,164,302	3,466,471
Transfers				-	-	-	-
Transactions with equity holders, recognised directly in equity							
Final dividend approved on 30.06.2014		-	-	-	-	(1,458,037)	(1,458,037)
Total contributions from and distribution to equity holders		-	-	-	-	(1,458,037)	(1,458,037)
Balance as at 30.06.2014	4,715,814	1,380,000	1,001,648	14,745,344	13,779,839	3,795,866	39,418,511
Balance as at 01.04.2015	4,715,814	1,545,000	-	17,512,960	13,779,839	6,541,651	44,095,264
Profit for the period		-	-	-	-	534,620	534,620
Other comprehensive income		-	-	(591,914)	-	-	(591,914)
Total comprehensive income for the period		-	-	(591,914)	-	534,620	(57,294)
Transfers				-	-	-	-
Transactions with equity holders, recognised directly in equity							
Final dividend approved on 30.06.2015		-	-	-	-	(1,590,586)	(1,590,586)
Total contributions from and distribution to equity holders		-	-	-	-	(1,590,586)	(1,590,586)
Balance as at 30.06.2015	4,715,814	1,545,000	-	16,921,046	13,779,839	5,485,685	42,447,384

Statement of Changes in Equity

Group

For the period ended 30 June 2015

	Attributable to the equity holders of the Bank							Non- controlling interests	Total
	Stated Capital	Statutory reserves		Other reserves		Retained earnings	Total		
		Reserve fund	Investment fund account	Fair value reserve	General reserve				
	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	
Balance as at 01.04.2014	4,715,814	1,380,000	1,001,648	10,079,975	13,779,839	9,163,494	40,120,770	333,728	40,454,498
Profit for the period		-	-	-	-	1,122,733	1,122,733	15,368	1,138,101
Other comprehensive income net of tax		-	-	2,289,573	-	-	2,289,573	(96)	2,289,477
Total comprehensive income for the period		-	-	2,289,573	-	1,122,733	3,412,306	15,272	3,427,578
Transfers				-	-	-	-	-	-
Transactions with equity holders, recognised directly in equity									
Share issue expenses written off- Subsidiary		-	-	-	-	(1,645)	(1,645)		(1,645)
Change in holding through joint venture						18,420	18,420	-	18,420
Final Dividend approved on 30 06 2014						(1,458,037)	(1,458,037)	-	(1,458,037)
Total contributions from and distribution to equity holders		-	-	-	-	(1,441,262)	(1,441,262)	-	(1,441,262)
Balance as at 30.06.2014	4,715,814	1,380,000	1,001,648	12,369,548	13,779,839	8,844,965	42,091,814	349,000	42,440,814
Balance as at 01.04.2015	4,715,814	1,545,000		15,112,861	13,779,839	12,755,357	47,908,871	353,882	48,262,753
Profit for the period		-	-	-	-	622,157	622,157	14,881	637,038
Other comprehensive income net of tax		-	-	(668,513)	-	-	(668,513)	(640)	(669,153)
Total comprehensive income for the period		-	-	(668,513)	-	622,157	(46,356)	14,241	(32,115)
Transfers				-	-	-	-	-	-
Transactions with equity holders, recognised directly in equity									
Change in holding through joint venture		-	-	-	-	23,876	23,876	-	23,876
Final dividend approved on 30.06.2015		-	-	-	-	(1,590,586)	(1,590,586)	-	(1,590,586)
Total contributions from and distribution to equity holders		-	-	-	-	(1,566,711)	(1,566,711)	-	(1,566,711)
Balance as at 30.06.2015	4,715,814	1,545,000	-	14,444,348	13,779,839	11,810,803	46,295,804	368,123	46,663,927

Cash Flow Statement

<i>For the period ended</i>	Bank		Group	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
	LKR 000	LKR 000	LKR 000	LKR 000
Cash flow from operating activities				
Interest Receipts	1,626,061	1,787,968	3,455,589	3,672,062
Interest payments	(1,361,507)	(1,513,447)	(2,477,915)	(2,831,556)
Recoveries on loans previously written off	11,283	11,280	12,293	11,430
Receipts from other operating activities	(42,306)	255,037	390,479	554,439
Cash payments to employees & suppliers	(506,884)	(456,834)	(974,490)	(1,002,702)
Value added tax and NBT	(166,148)	(87,269)	(255,836)	(110,451)
Other taxes and levies	(8,101)	(22,777)	(21,439)	(22,777.00)
Operating Cash flow before changes in operating assets and liabilities	(447,602)	(26,042)	128,681	270,445
(Increase)/decrease in operating assets:				
Deposits held for regulatory or monetary control purposes	-	-	(432,702)	(576,476)
Funds advanced to customers	(2,665,651)	(4,033,506)	(7,034,973)	(4,180,988)
Others	546,362	(507,450)	599,524	(799,370)
Increase /(decrease) in operating liabilities:				
Deposits from customers	1,622,293	(206,088)	580,827	5,729,799
Negotiable certificates of deposit	-	-	47,575	50,815
Others	79,998	189,545	126,383	452,930
Net cash flow from operating activities before income tax	(864,600)	(4,583,541)	(5,984,685)	947,155
Income tax paid	(15,303)	(159,618)	(30,390)	(179,212)
Net cash flow from/(used in)operating activities	(879,902)	(4,743,160)	(6,015,074)	767,942
Cash flow from investing activities				
Dividends received	260,599	669,655	24,169	547,814
Interest received	216,233	185,074	552,481	285,270
Government Securities	(263,183)	2,492,512	(3,583,425)	(9,509,242)
Proceeds from sale and redemption of securities	228,023	413,541	228,023	413,542
Purchase of securities	(1,063,216)	(417,104)	(1,063,216)	(417,104)
Purchase of property , equipment ,intangibles and investment property	(9,603)	(1,280)	(58,082)	(77,911)
Net cash from/(used in) investing activities	(631,147)	3,342,398	(3,900,050)	(8,757,632)
Cash flow from financing activities				
Borrowing , medium and long - term	199,594	67,301	199,597	66,574
Other borrowings(Net)	2,742,000	(155,000)	9,813,526	3,910,247
Repayment of borrowing ,medium and long - term	(1,497,380)	(1,565,493)	(1,498,107)	(1,735,493)
Dividends paid	(59)	(212)	(59)	(212)
Net Cash flow from/(used in) financing activities	1,444,155	(1,653,404)	8,514,957	2,241,116
Net increase/(decrease) in cash & cash equivalents	(66,894)	(3,054,165)	(1,400,167)	(5,748,574)
Cash & cash equivalents/(overdraft-net) at the beginning of period	498,619	3,242,119	5,205,170	9,917,770
Cash & cash equivalents at the end of period	431,725	187,954	3,805,003	4,169,197
Reconciliation of cash & cash equivalents with items reported in the statement of financial position				
Cash and cash equivalents	627,920	787	3,400,831	2,473,238
Bank overdraft	(587,254)	(233,423)	(587,254)	(233,423)
Placements with banks	391,059	347,752	991,426	1,754,473
Government Securities-less than 3 months	-	72,838	-	174,909
	431,725	187,954	3,805,003	4,169,197

EXPLANATORY NOTES

Note 1. Reporting Entity

In terms of the DFCC Bank (Repeal and Consequential Provisions) Act No 39 of 2014 the DFCC Bank was incorporated under the Companies Act as a public company listed in the Colombo Stock Exchange with the name "DFCC Bank PLC" (Company Registration No: PQ 233) with effect from 6 January 2015 and continues to carry on its business as a licensed specialized bank without any interruption.

Note 2. Statement of Compliance

The consolidated financial statements of the Bank (Group) and the separate financial statements of the Bank (Bank) have been prepared in accordance with relevant Sri Lanka Financial Reporting Standards (SLFRS) adopted by The Institute of Chartered Accountants of Sri Lanka (ICASL) and comply with the requirements of the Companies Act No 07 of 2007 and Banking Act No. 30 of 1988 and amendments thereto.

Note 3 Accounting policies and accounting estimates

The accounting policies, estimates and methods of computation are consistent with those policies and methods followed during the previous financial year

Note 4. Accounting for investments in associate company and subsidiary companies

Accounted under cost method in Bank's financial statements. Amounts are based on unaudited financial statements of the associate and subsidiary companies.

Note 5. Accounting for investment in joint venture company

Accounted under equity method in group's financial statements. Amounts are based on unaudited financial statements of the joint venture company.

Note 6. 31 December financial year companies

These are DFCC Vardhana Bank PLC, Synapsys Ltd (subsidiaries) and Acuity Partners (Pvt) Limited (joint venture) and National Asset Management Limited (associate).

For the period ended 30 June	Bank		Group	
	2015 LKR 000	2014 LKR 000	2015 LKR 000	2014 LKR 000
Note 7 Net loss from financial instruments at fair value through profit or loss				
Forward exchange fair value changes	(27,658)	(65,723)	(89,269)	(81,621)
Gain/(loss) on CBSL Swap	(103,102)	(187,500)	(103,102)	(187,500)
Total	(130,760)	(253,223)	(192,371)	(269,121)

Note 8. Net Gain from Financial Investments

Gain on sale of securities	36,956	100,229	36,956	100,229
Dividend income	249,643	149,769	13,346	17,513
Net gain from repurchase transactions	359	8,931	71,851	54,858
	286,958	258,929	122,153	172,600

Note 9. Other Operating Income-net

Foreign exchange gain/(loss)	(23,112)	27,123	100,922	62,105
Amortisation of deferred income on Government grant-CBSL swap	125,602	157,500	125,602	157,500
Others	41,987	35,958	88,929	71,431
	144,477	220,581	315,453	291,036

Foreign exchange gain/(loss) does not include the offsetting effect of exchange rate movements on forward exchange contracts used as hedging instruments to mitigate market risk of open positions arising from US dollar/LKR funding swaps. This effect is included under 'Net gain/ (loss) from financial instruments at fair value through profit or loss' in the income statement.

As at	Bank		Group	
	30-06-2015 LKR 000	31-03-2015 LKR 000	30-06-2015 LKR 000	31-03-2015 LKR 000
Note 10. Loans and Receivables to Other Customers				
Gross loans and receivables (Note 10.1)	79,007,004	76,350,160	147,236,798	141,332,579
Less: Individual impairment (Note 10.2.1)	(1,884,492)	(1,932,635)	(4,036,986)	(4,001,868)
Collective impairment (Note 10.2.2)	(952,772)	(968,820)	(2,024,871)	(2,007,988)
Net loans and receivables	76,169,740	73,448,705	141,174,940	135,322,723
Note 10.1 Loans and Receivables to Other Customers - By product				
By product-Domestic Currency				
Overdrafts	-	-	21,098,524	20,143,752
Trade finance	-	-	10,612,539	9,289,157
Lease rentals receivable	8,461,758.58	8,250,091	11,867,962	10,962,838
Credit cards	-	-	171,590	172,537
Pawning	-	-	1,605,254	1,720,937
Staff loans	586,876.43	583,621	1,069,847	1,028,735
Term loans	60,420,156.78	57,751,597	84,708,156	80,319,652
Commercial papers and asset back notes	2,449,160.71	2,385,756	2,449,161	2,385,756
Debenture loans	577,270.81	577,347	577,271	577,347
Preference shares unquoted	1,090,000.00	1,270,982	1,090,000	1,270,982
Securities purchased under resale agreements	-	-	-	753.683
	73,585,223	70,819,394	135,250,303	128,625,376
By product-Foreign Currency				
Overdrafts	-	-	289,136	283,075
Trade finance	-	-	5,305,053	6,027,978
Term loans	5,421,780	5,530,766	6,392,305	6,396,150
	5,421,780	5,530,766	11,986,494	12,707,203
Gross Loans and Receivables	79,007,004	76,350,160	147,236,798	141,332,579
Note 10.2 Movement in Individual and Collective Impairment during the period for Loans and Receivable to Other Customers				
10.2.1 Individual Impairment				
Opening balance	1,932,635	1,486,838	4,001,868	3,794,550
Charge to income statement	39,980	556,493	121,887	1,143,903
Effect of foreign currency movements	-	-	2,345	1,884
Write-off during the period	(88,123)	(110,696)	(89,114)	(938,469)
Closing balance	1,884,492	1,932,635	4,036,986	4,001,868
10.2.2 Collective Impairment				
Opening balance	968,820	1,905,442	2,007,988	3,097,218
Charge to income statement	2,564	(887,547)	51,688	(957,842)
Effect of foreign currency movements	-	-	206	(53)
Transfers to dues on terminated leases	(4,371)	(17,016)	(4,371)	(17,016)
Write-off during the period	(14,241)	(32,059)	(30,640)	(114,319)
Closing balance	952,772	968,820	2,024,871	2,007,988
Total Individual and Collective impairment	2,837,264	2,901,455	6,061,857	6,009,856

As at	Bank		Group	
	30-06-2015 LKR 000	31-03-2015 LKR 000	30-06-2015 LKR 000	31-03-2015 LKR 000
Note 11. Due to Other Customers - By product				
By product-Domestic Currency				
Demand deposits (current accounts)	-	-	2,823,843	3,187,948
Savings deposits	-	-	13,469,666	14,544,344
Fixed deposits	24,273,689	22,484,652	66,685,356	65,679,561
Margin deposits	-	-	301,483	219,472
Certificate of deposits	-	-	591,989	546,523
	24,273,689	22,484,652	83,872,338	84,177,849
By product- Foreign Currency				
Demand deposits (current accounts)	-	-	617,086	417,516
Savings deposits	-	-	883,826	1,105,905
Fixed deposits	-	-	7,874,413	7,003,041
Margin deposits	-	-	28,418	7,483
	-	-	9,403,743	8,533,945
Total	24,273,689	22,484,652	93,276,080	92,711,793

Note 12. Government Grant

DFCC Bank in October 2013 raised USD 100 million by Issue of Notes abroad repayable in October 2018. The proceeds of this note issue are to be deployed predominantly in LKR denominated monetary assets. In order to hedge the resulting net open foreign currency liability position, DFCC Bank has entered in to an annually renewable currency SWAP arrangement with Central Bank of Sri Lanka (CBSL) in November 2013 for 75% of the US Dollar (USD) denominated liability. Accordingly this contract was renewed in 30 October 2014.

	Bank		Group	
	30-06-2015 LKR 000	31-03-2015 LKR 000	30-06-2015 LKR 000	31-03-2015 LKR 000
12.1 Government grant- Receivable				
Fair value at the Beginning of the period/initial contract date	483,727	276,878	483,727	276,878
Change in fair value on renewal of contract	-	(368,086)	-	(368,086)
Change in fair value during the period	(103,102)	574,935	(103,102)	574,935
Fair value at the end of period	380,625	483,727	380,625	483,727
12.2 Government grant - Deferred Income				
Fair value at the Beginning of the period/initial contract date	303,727	295,628	303,727	295,628
Change in fair value on renewal of contract	-	(368,086)	-	(368,086)
Change in fair value during the period	(103,102)	574,935	(103,102)	574,935
Foreign exchange (loss)/gain on revaluation	(22,500)	(198,750)	(22,500)	(198,750)
Amortisation of deferred income on Government grant- CBSL swap	(125,602)	376,185	(125,602)	376,185
Fair value at the end of period	178,125	303,727	178,125	303,727

Note 13. Events Occurring after the reporting period

13.1 Proposed Merger of DFCC Bank PLC (DFCC) and DFCC Vardhana Bank PLC (DVB)

Boards of Directors of DFCC Bank PLC (DFCC) and DFCC Vardhana Bank PLC (DVB) by resolutions passed on 15 May 2015 resolved to amalgamate DVB with DFCC subject to the approval of the shareholders and the Central Bank of Sri Lanka (CBSL), whereby the amalgamated entity (i.e surviving entity) will be DFCC which would operate as a Licensed Commercial Bank under the Banking Act No. 30 of 1988.

In order to proceed with the amalgamation, pursuant to a Board Resolution passed on 9 July 2015 an application has been made to the Central Bank for DFCC to be granted a license under the Banking Act to carry on the business of a commercial bank and have also convened an Extraordinary General Meeting to be held on 28 August 2015 to obtain the approval of the shareholders.

No other circumstances have arisen which would require disclosure or adjustment to the financial statements.

Note 14. Disclosures under Appendix 7B of the Listing Rules

14.1 Bank has not incurred management fees or any other similar expenditure

14.2 Stated capital

Number of shares

Number of shares of the Bank on 30 June 2015
(No change from 31 March 2015)

265,097,688

14.3 Twenty Major Shareholders as at 30.06.2015

	Name of Shareholder/Company	Shareholding	%
1	Bank of Ceylon No.2 A/c.	38,039,994	14.35
2	Hatton National Bank PLC A/c No.1	32,396,140	12.22
3	Sri Lanka Insurance Corporation Ltd-Life Fund	26,509,832	10.00
4	Employees Provident Fund	24,368,995	9.19
5	Mr. M A Yaseen	19,246,700	7.26
6	Melstacorp Limited	17,042,856	6.43
7	Seafeld International Limited	15,286,794	5.77
8	HSBC Intl Nom. Ltd-BPSS Lux-Aberdeen Global Asia Pacific Equity Fund	12,216,146	4.61
9	Renuka City Hotels PLC	6,926,870	2.61
10	HSBC Intl Nom Ltd-BPSS LDN-Aberdeen Asia Pacific Equity Fund	6,750,000	2.55
11	HSBC Intl Nominees Ltd-BP2S London-Edinburg Dragon Trust PLC	5,620,164	2.12
12	Renuka Hotels Limited	4,073,360	1.54
13	HSBC Intl Nominees Ltd-BP2S London-Aberdeen Asia Smaller Companies Investment Trust	3,889,870	1.47
14	Mrs. L.E.M. Yaseen	3,500,000	1.32
15	Employees Trust Fund Board	3,159,991	1.19
16	HSBC Intl Nominees Ltd-BP2S Luxembourg-Aberdeen Global Frontier Markets Equity Fund	2,681,857	1.01
17	Cargo Boat Development Company PLC	2,098,200	0.79
18	HSBC Intl Nominees Ltd-BP2S-London - Aberdeen New Dawn Investment Trust XCC6	1,800,000	0.68
19	Renuka Consultants & Services Limited	1,097,992	0.41
20	Crescent Launderers and Dry Cleaners Pvt Limited	1,076,200	0.41

14.4 Public holding % and number of public share holders as at 30.06.2015 is 63.40% and 8,528 respectively.

14.5 Directors' Interests in Shares

	No of Shares
	As at
	30.06.2015
Jansz, C R	1,000
Fernando, A R	4,470
Dayasri, G K	1,036
Asoka, K.D.N.R	Nil
Thambiyah, S R	Nil
Fernando, P M B	1,000
Dharmarajah, T	500
Cooray, K P	Nil
Atukorala A.W	14,500

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 unless indicated as audited .

C R Jansz
Chairman

A.R. Fernando
Director & Chief Executive Officer

A Withana
Chief Financial Officer

29.07.2015

DFCC Listed Debenture

Debtenture Category	Interest Payable Frequency	Applicable Interest Rate	Interest rate of Comparative Government Securites (Gross) p.a.	Balance as at 30-06-2015 LKR 000	Market price			Yield Last Traded %
					Highest	Lowest	Last Traded	
Fixed Rate								
2006/2016	Annually	14.00%	7.43%	631,129	N/T	N/T	N/T	N/T
20014/2017	Annually	8.50%	7.90%	4,082,785	100.34	100.34	100.34	8.30
20014/2017	Semi annually	8.33%	7.90%	895,749	100.04	100.04	100.04	8.30
20014/2017	Quarterly	8.24%	7.90%	299,704	N/T	N/T	N/T	N/T

N/T -Not traded

Other Ratios	30.06.2015	31.03.2015
Debt to equity Ratio	1.13	1.05
Interest cover	1.20	1.38
Liquid Asset Ratio (%)	42.2	47.6

Business Segment Information
For the period ended 30 June 2015

	Lending		Financial Leasing		Investing in Equity		Commercial Banking		Other		Unallocated		Eliminations		Total	
	2015 LKR 000	2014 LKR 000	2015 LKR 000	2014 LKR 000	2015 LKR 000	2014 LKR 000	2015 LKR 000	2014 LKR 000	2015 LKR 000	2014 LKR 000	2015 LKR 000	2014 LKR 000	2015 LKR 000	2014 LKR 000	2015 LKR 000	2014 LKR 000
Revenue																
Interest income	1,763,415	1,769,047	285,281	366,792	-	-	1,973,296	2,162,790	7,317	9,674	-	-	(18,301)	(11,691)	4,011,008	4,296,612
Net fees and commission income	30,285	38,282	-	2,135	-	-	228,460	170,244	47,378	63,027	-	-	(39,148)	(34,457)	266,975	239,231
Net gain/(loss) from trading	-	-	-	-	-	-	43,337	32,519	-	0	18,573	46,427	-	-	61,910	78,946
Net gain/(loss) from financial instruments designated at fair value through PL	-	-	-	-	-	-	(61,611)	(15,898)	-	-	(130,760)	(253,223)	-	-	(192,371)	(269,121)
Net gain/(loss) from financial invest	-	-	-	-	286,599	249,998	71,626	45,927	-	0	359	8,931	(236,431)	(132,256)	122,153	172,600
Other income	(2,232)	67,857	-	-	-	-	126,158	25,031	52,973	52,990	146,709	152,724	(8,153)	(7,566)	315,455	291,036
Income from external customers	1,791,468	1,875,186	285,281	368,927	286,599	249,998	2,381,266	2,420,613	107,668	125,692	34,881	(45,141)	(302,033)	(185,970)	4,585,130	4,809,305
Total income	1,791,468	1,875,186	285,281	368,927	286,599	249,998	2,381,266	2,420,613	107,668	125,692	34,881	(45,141)	(302,033)	(185,970)	4,585,130	4,809,305
Percentage *	39	39	6	8	6	5	52	50	2	3	1	(1)	(7)	(4)	100	100
Expense																
Segment losses	37,345	(664,972)	6,001	4,879	-	-	133,071	321,598	-	-	-	-	(1,681)	-	174,736	(338,495)
Depreciation	-	-	-	-	-	-	53,143	49,504	8,023	7,398	-	-	-	-	61,166	56,902
Other operating & interest expense	1,056,178	942,738	129,809	117,798	-	-	1,619,354	1,992,834	67,903	69,507	-	-	(65,602)	(53,714)	2,807,642	3,069,163
	1,093,523	277,766	135,810	122,677	-	-	1,805,568	2,363,936	75,926	76,905	-	-	(67,283)	(53,714)	3,043,544	2,787,570
Result	697,945	1,597,420	149,471	246,250	286,599	249,998	575,698	56,677	31,742	48,787	34,881	(45,141)	(234,750)	(132,256)	1,541,586	2,021,735
Unallocated expenses																422,309
Value added tax and Nation building tax on financial services																187,962
Share of profits/(loss) of associates and joint venture																931,315
Profit before tax																(21,103)
Income tax on profit on ordinary activities																5,542
Profit after tax																910,212
Non controlling interests																1,412,479
Profit for the Equity Holders of the Bank																273,174
Profits for the period																274,378
Other Comprehensive Income net of tax					(591,914)	2,354,049	(77,269)	(11,624)	30	(52,948)						637,038
Total Comprehensive Income																14,881
Total Comprehensive Income - Non controlling interests																15,368
Profit for the Equity Holders of the Bank																622,157
																1,122,733
Assets	74,526,461	63,671,324	11,872,130	9,126,840	28,468,201	26,952,289	104,470,428	88,742,623	821,632	781,095	5,259,145	3,158,783	(6,682,502)	(7,020,481)	218,735,495	185,412,473
Percentage*	34	34	5	5	13	15	48	48	0	0	2	7	(3)	(4)	100	100
Investment in associate & Joint venture company																1,190,756
																1,235,011
																219,926,251
																186,647,484
Liabilities	60,408,994	51,694,407	7,615,583	6,797,296	-	-	98,782,923	82,347,167	167,402	139,689	7,001,360	3,963,086	(713,938)	(734,975)	173,262,324	144,206,670

* Net of eliminations

Revenue and expenses attributable to the incorporated business segments of industrial estate management, unit trust management, stockbroking and consultancy services are included in the column for other.

Revenues and expenses attributable to the business segment of DFCC Vardhana PLC is included in the column for commercial banking

Property & equipment and depreciation attributable to an incorporated business segment is included in the relevant segment and the balance is unallocated

Eliminations are the consolidation adjustments for inter company transactions, dividend and dividend payable attributable to minority shareholders.

Supplementary Financial Information (Consolidated Income Statement of DFCC & DVB (DBB))

This information relates to the consolidation of DFCC Bank PLC (DFCC) and DFCC Vardhana Bank PLC (DVB) for purpose of internal review and analysis of the banking business and is derived from total Group financial statements

Income statement of DVB for the 3 months ended 31 March is consolidated with income statements of DFCC for the 3 months ended 30 June

For the three months ended 30 June

	2015	2014
	LKR 000	LKR 000
Income	4,532,893	4,735,179
Interest income	4,008,993	4,294,202
Interest expenses	2,252,111	2,601,701
Net Interest Income	1,756,882	1,692,501
Fee and commission income	260,876	214,831
Less: Fee and commission expenses	2,131	4,169
Net Fee and Commission Income	258,745	210,662
Net gain/(loss) from trading	61,910	78,946
Net gain/(loss) from financial instruments at fair value through profit or loss	(192,371)	(269,121)
Net gain from financial investments	130,281	178,015
Other operating income (net)	263,204	238,306
	2,278,651	2,129,309
Charge of Impairment for loans and other losses	176,417	(338,495)
Net Operating Income	2,102,234	2,467,804
Less: Operating Expenses		
Personnel expenses	507,339	409,385
Other operating expenses	500,911	517,332
Operating profit before value added tax and nation building tax on financial services	1,093,984	1,541,087
Value added tax and nation building tax on financial services	187,962	177,520
Profit Before Tax	906,022	1,363,567
Tax expenses	263,406	270,651
Profit for the period	642,616	1,092,916

Reconciliation with Group profit

For the three months ended 30 June

	2015	2014
	LKR 000	LKR 000
Profit for the period - DBB	642,616	1,092,916
Consolidation adjustments		
Dividend from subsidiaries & JV accounted in DBB	(8,128)	(5,415)
Reversal of provision for fall in value of investments in subsidiary	1,681	-
	636,169	1,087,501
Add: Profit from other subsidiaries and Joint venture attributable to equity holders of DFCC Bank		
Subsidiaries	21,972	45,059
Share of profits of Joint venture	(23,776)	2,856
Share of profits of associate	2,673	2,685
Profit for the period	637,038	1,138,101