



Interim Financial Results for the Six Months Ended 30 June 2020

- Advances grew by LKR 19Bn to 292 Bn (7% growth)
- Deposits grew by LKR 30 Bn to 278 Bn (12% growth)
- DFCC Group recorded a PAT of LKR 1.8Bn for the first half of the year 2020
- Impairment charge of 1.5Bn for the first half of the year 2020
- Tier I Capital ratio of the Bank is 11.14% as at 30 June 2020.

The following commentary relates to the un-audited financial statements for the period ended 30 June 2020, presented in accordance with Sri Lanka Accounting Standard 34 (LKAS 34) on “Interim Financial Statements”. The DFCC Group comprises of DFCC Bank PLC (DFCC), and its subsidiaries – Lanka Industrial Estates Limited (LINDEL), DFCC Consulting (Pvt) Limited (DCPL) and Synapsys Limited (SL), the joint venture company – Acuity Partners (Pvt) Limited (APL) and associate company – National Asset Management Limited (NAMAL).

Contributing to efforts by the Sri Lankan government to manage the impact of COVID-19 global pandemic, DFCC Bank continued to serve the Bank’s customers across the country by providing essential banking services without interruption during the lockdown period. Throughout this challenging times due to the Banks Digital footprint customers experienced greater convenience as they were able to conduct their financial transactions in the comfort of their home at any time convenient to them.

The Bank also implemented a number of relief schemes in line with Government directives to support those customers affected as a result of the pandemic.

Profitability

DFCC Bank, the largest entity within the group, was able to record a profit after tax (PAT) of LKR 1,444 Million for the period ended 30 June 2020 in comparison to profit after tax of LKR 737 Million recorded in the comparative period. However, profit recorded in the comparable period includes the fair value loss on investment in Commercial Bank’s equity securities of LKR 851 Million. With the view of concentrating on core banking profitability, the Bank has reclassified the investment made in the equity securities of Commercial Bank of Ceylon PLC from fair value through profit or loss to fair value through other comprehensive income with the option given in the “Guidance Notes on Accounting Consideration of the COVID-19 Outbreak” issued by the Institute of Chartered Accountants of Sri Lanka. This reclassification helped the Bank to refocus its efforts to ensure core business profitability. The Group recorded a profit after tax of LKR 1,803 Million for the period ended 30 June 2020 compared to LKR 906 Million (after fair value loss on investment in Commercial Bank equity securities) in the comparative period.

NII and fee income

The Bank recorded a LKR 5,919 Million in net interest income (NII) which is an 8% decline year on year primarily due to a drop in AWPLR more than 250 bps over the past 12 months and due to the business implications that arose after 18 March 2020. The slowdown of the economic activities due to COVID- 19 and relief measures introduced have had serious implications to the fee and commission income of the Bank. However, the concentrated effort to increase non-funded business has helped to minimize the impact only with a 3% reduction to LKR 962 Million for the period ended 30 June 2020 from LKR 993 Million in the comparative period due to the adverse impact of the COVID-19 pandemic.

Operating Expenses

The Bank was able to maintain operating expenses to the same level during 6 months period ended 30 June 2020 compared to comparative period in year 2019 despite the growth strategy of expanding branch network operations adopted by the Bank. In addition, the Bank has introduced many safety measures across the branch network in order to provide a seamless service to customers and to secure and safety environment to the employees and all stakeholders. Investments have also been made in introducing digitally enabled products and services to the local market, which in turn have helped the Bank to provide an uninterrupted service to its loyal customers, especially during the COVID-19 lockdown period and after reopening of the economic activities.

Impairment

The Bank maintained the NPL ratio of 4.85% as at 30 June 2020 which is same level compared to 31 December 2019. Borrowers who have applied for the moratorium had not commenced the repayments of their facilities as at 30 June 2020. Due to the lack of reliable information with regards to the impact of COVID-19 on its loans and advances portfolio at the reporting date and as the impact of the economic downturn cannot be reasonably estimated yet, the Bank has considered the long-term economic trend in calculating the impairment provision for the period in line with the guideline issued by the Institute of Chartered Accountants of Sri Lanka. With the reopening of the economy and concessions offered to its clients, the Bank expects majority of the borrowers to service the facilities regularly after the moratorium periods. Notwithstanding the same, the Bank has made LKR 1,507 Million impairment charge for the 6 months period ended 30 June 2020 by taking into account some of the possible impairment of exposures once the moratorium is over.

Business Growth

Despite the challenges faced by the Economy and Banking Sector during this period, DFCC Bank's total assets increased by LKR 30,302 Million and recorded a growth of 7% from December 2019. This

constitutes a loan portfolio growth of LKR 18,841 Million to LKR 291,659 Million compared to LKR 272,818 Million as at 31 December 2019 recording an increase of 7%. The Bank's deposit base as at 30 June 2020 increased to LKR 277,722 Million from LKR 247,787 Million as at 31 December 2019, which is a growth of 12%.

Accordingly, the Bank reported a loan-to-deposit ratio of 105% in June 2020 compared to 110% in December 2019. The Bank's CASA ratio which represents the proportion of low-cost deposits declined to 21.32% by 30 June 2020 compared to 22.72% in December 2019. The Bank's advance portfolio is partly funded through long-term concessionary credit lines enjoyed over a long period of time. When these concessionary term borrowings are considered, the ratio increased to 26.77% as at 30 June 2020.

Capital Management

As per the relief measures introduced by the Central Bank of Sri Lanka, banks were permitted to release 50 basis points from the capital conservation buffers maintained to date. The bank expects the debt moratorium and concessionary working capital loans introduced by the Central Bank of Sri Lanka, to help the businesses to recommence their operations and reach to normalcy soon. However, reduction in the cash flows from moratorium and delayed payments by customers who did not enjoy moratoriums would likely to contribute a negative impact on the earnings, cash flows and liquidity position of the Bank. Based on the internal assessment undertaken by the Bank, there is no significant adverse impact to the regulatory capital ratios maintained by the Bank. In order to support future growth as a full-service retail bank, the Bank has consistently maintained a capital ratio above the Basel III minimum capital requirements. As at 30 June 2020, the Bank recorded Tier 1 and total capital adequacy ratios of 11.14% and 15.34%, respectively, which is well above the minimum regulatory requirements of 8% and 12% including Capital Conservation buffer of 2%.

Looking ahead DFCC Bank will continue to focus on customer centricity and introduce unique digital innovations that will revolutionize greater customer experience and convenience in banking. In addition, the Bank will continue to monitor the business environment and the global trends in order to support the Government initiatives to manage the economic landscape in the country amidst COVID-19.

Lakshman Silva
Director/Chief Executive Officer

11 August 2020

DFCC Bank PLC
Income Statement

Notes	Bank						Group					
	For the period ended			For the quarter ended			For the period ended			For the quarter ended		
	30.06.2020 LKR 000	30.06.2019 LKR 000	Change %	30.06.2020 LKR 000	30.06.2019 LKR 000	Change %	30.06.2020 LKR 000	30.06.2019 LKR 000	Change %	30.06.2020 LKR 000	30.06.2019 LKR 000	Change %
Gross Income	22,171,596	20,581,433	8	10,875,160	10,396,599	5	22,411,396	20,807,575	8	10,977,528	10,507,920	4
Interest income	20,270,990	20,983,449	(3)	10,019,945	10,775,409	(7)	20,271,405	20,984,567	(3)	10,020,025	10,775,944	(7)
Interest expense	14,352,231	14,581,471	(2)	7,085,007	7,634,938	(7)	14,333,540	14,560,950	(2)	7,075,172	7,624,387	(7)
Net interest income	5,918,759	6,401,978	(8)	2,934,938	3,140,471	(7)	5,937,865	6,423,617	(8)	2,944,853	3,151,557	(7)
Fee and commission income	962,237	992,883	(3)	376,145	525,606	(28)	961,671	991,357	(3)	376,004	524,154	(28)
Fee and commission expenses	57,617	47,569	21	19,037	24,444	(22)	57,617	47,569	21	19,037	24,444	(22)
Net fee and commission income	904,620	945,314	(4)	357,108	501,162	(29)	904,054	943,788	(4)	356,967	499,710	(29)
Net gain/(loss) from trading	268,914	(603,299)	(145)	115,892	(189,632)	(161)	268,914	(603,299)	(145)	115,892	(189,632)	(161)
Net (loss)/gain from financial instruments at fair value through profit or loss	(556,204)	(1,729,798)	68	(152,317)	552,734	128	(556,204)	(1,729,798)	68	(152,317)	552,734	128
Net gains from derecognition of financial assets												
Fair value through other comprehensive income	37,408	66,436	(44)	37,398	4,818	(676)	37,408	66,436	(44)	37,398	4,818	676
Net other operating income	1,188,251	871,762	36	478,097	(1,272,336)	138	1,428,202	1,098,312	30	580,526	(1,160,098)	(150)
Total operating income	7,761,748	5,952,393	30	3,771,116	2,737,217	38	8,020,239	6,199,056	29	3,883,319	2,859,089	36
Impairment charge for loans and other losses												
Loans to and receivables from other customers	1,386,185	492,502	181	812,638	469,494	73	1,386,185	492,502	181	812,638	469,494	73
Other financial assets	111,522	(49,748)	(324)	70,423	(21,311)	(430)	111,522	(49,748)	(324)	70,423	(21,311)	(430)
Others	9,172	33,178	(72)	(12,867)	16,308	(179)	9,172	33,178	(72)	(12,867)	16,308	(179)
Net operating income	6,254,869	5,476,461	14	2,900,922	2,272,726	28	6,513,360	5,723,124	14	3,013,125	2,394,598	26
Operating expenses												
Personnel expenses	1,700,685	1,782,657	(5)	874,938	889,096	(2)	1,799,089	1,872,133	(4)	928,850	934,281	(1)
Depreciation and amortisation	447,063	390,842	14	226,589	201,933	12	474,496	418,335	13	240,152	215,097	12
Other expenses	1,380,251	1,349,286	2	675,871	705,096	(4)	1,359,963	1,354,835	0	645,546	700,707	(8)
Total operating expenses	3,527,999	3,522,785	0	1,777,398	1,796,125	(1)	3,633,548	3,645,303	(0)	1,814,548	1,850,085	(2)
Operating profit before taxes on financial services	2,726,870	1,953,676	40	1,123,524	476,601	136	2,879,812	2,077,821	39	1,198,577	544,513	120
Taxes on financial services	563,631	748,819	(25)	254,957	273,209	(7)	563,631	748,819	(25)	254,957	273,209	(7)
Operating profit after taxes on financial	2,163,239	1,204,857	80	868,567	203,392	327	2,316,181	1,329,002	74	943,620	271,304	248
Share of profits of associate and joint venture	-	-	-	-	-	-	250,205	83,389	200	214,841	49,572	333
Profit before income tax	2,163,239	1,204,857	80	868,567	203,392	327	2,566,386	1,412,391	82	1,158,461	320,876	261
Income tax expense	718,956	467,437	54	349,730	6,564	5,228	763,649	506,108	51	369,429	26,665	1,285
Profit for the period	1,444,283	737,420	96	518,837	196,828	164	1,802,737	906,283	99	789,032	294,211	168
Profit attributable to:												
Equity holders of the Bank	1,444,283	737,420	96	518,837	196,828	164	1,750,089	861,843	103	766,872	271,311	183
Non-controlling interests	-	-	-	-	-	-	52,648	44,440	18	22,160	22,900	(3)
Profit for the period*	1,444,283	737,420	96	518,837	196,828	164	1,802,737	906,283	99	789,032	294,211	168
Basic/Diluted earnings per ordinary share (LKR)	4.75	2.67	78	1.71	0.74	130	5.93	3.28	81	2.59	1.11	134

* Profit for the period ended 30 June 2019 (Bank and Group) include a marked-to-market loss on equity shares of Commercial Bank of Ceylon PLC (net of taxes) amounting to LKR 851 Million.

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		
	30.06.2020 LKR 000	30.06.2019 LKR 000	Change %	30.06.2020 LKR 000	30.06.2019 LKR 000	Change %	30.06.2020 LKR 000	30.06.2019 LKR 000	Change %	30.06.2020 LKR 000	30.06.2019 LKR 000	Change %
Profit for the period	1,444,283	737,420	96	518,837	196,828	164	1,802,737	906,283	99	789,032	294,211	168
Other comprehensive income / (expenses) for the period, net of tax												
Items that are or may be reclassified subsequently to income												
Movement in fair value reserve(fair value through other comprehensive income debt instrument):												
Net change in fair value	4,143,517	1,899,161	118	3,576,207	1,185,845	202	4,143,517	1,899,161	118	3,576,207	1,185,845	202
Reclassified to income statement	1,209	(110,241)	(101)	1,209	-	100	1,209	(110,241)	(101)	1,209	-	100
Share of other comprehensive income/ (expense) of equity accounted associate and joint venture	-	-	-	-	-	-	36,792	(15,650)	(335)	1,621	5,525	(71)
Movement in hedging reserve:												
Cash flow hedge - effective portion of changes in fair value	(372,683)	(377,145)	(1)	281,348	(83,242)	(438)	(372,683)	(377,145)	(1)	281,348	(83,242)	(438)
Cash flow hedge - reclassified to income statement	107,225	194,400	(45)	(355,319)	(31,200)	1,039	107,225	194,400	(45)	(355,319)	(31,200)	1,039
Related deferred tax	(1,090,223)	(449,710)	142	(989,787)	(299,991)	230	(1,090,223)	(449,710)	142	(989,787)	(299,991)	230
Total other comprehensive income that are or may be reclassified subsequently to income statement	2,789,045	1,156,465	141	2,513,658	771,412	226	2,825,837	1,140,815	148	2,515,279	776,937	224
Items that will not be reclassified to income statement												
Losses on remeasurement of defined benefit liability/(assets)	-	-	-	-	-	-	-	(49)	(100)	-	(49)	(100)
Equity investments at fair value through other comprehensive income - net change in fair value	(2,379,286)	(2,015,184)	18	(2,379,649)	(607,844)	291	(2,379,286)	(2,015,184)	18	(2,379,649)	(607,844)	291
Share of other comprehensive income of equity accounted associate and joint venture	-	-	-	-	-	-	(26)	-	(100)	(71)	-	(100)
Related deferred tax	-	-	-	-	-	-	-	15	(100)	-	15	(100)
Total other comprehensive expenses on items that will not be reclassified to income statement	(2,379,286)	(2,015,184)	18	(2,379,649)	(607,844)	291	(2,379,312)	(2,015,218)	18	(2,379,720)	(607,878)	291
Other comprehensive income/(expense) for the period , net of tax	409,759	(858,719)	(148)	134,009	163,568	(18)	446,525	(874,403)	(151)	135,559	169,059	(20)
Total comprehensive income/(expense) for the period	1,854,042	(121,299)	(1,628)	652,845	360,396	81	2,249,262	31,880	6,955	924,591	463,270	100
Total comprehensive income/(expense) attributable to:												
Equity holders of the Bank	1,854,042	(121,299)	(1,628)	652,845	360,396	81	2,196,614	(12,543)	(17,613)	902,432	440,387	105
Non-controlling interests	-	-	-	-	-	-	52,648	44,423	19	22,159	22,883	(3)
Total comprehensive income/(expense) for the period	1,854,042	(121,299)	(1,628)	652,845	360,396	81	2,249,262	31,880	6,955	924,591	463,270	100

DFCC Bank PLC
Statement of Financial Position

As at	Notes	Bank			Group		
		30.06.2020 LKR 000	31.12.2019 (Audited) LKR 000	Change %	30.06.2020 LKR 000	31.12.2019 (Audited) LKR 000	Change %
Assets							
Cash and cash equivalents		8,356,343	5,450,209	53	8,374,438	5,459,359	53
Balances with Central Bank of Sri Lanka		3,700,847	8,666,547	(57)	3,700,847	8,666,547	(57)
Placements with banks		9,295,098	165,030	5,532	9,429,640	200,441	4,604
Derivative financial assets		451,553	631,438	(28)	451,553	631,438	(28)
Financial assets measured at fair value through profit or loss		752,731	5,307,066	(86)	752,731	5,307,066	(86)
Financial assets at amortised cost - Loans to and receivables from banks		7,123,188	8,403,175	(15)	7,123,188	8,403,175	(15)
Financial assets at amortised cost -Loans to and receivables from other customers	9	291,659,388	272,818,311	7	291,659,388	272,818,311	7
Financial assets at amortised cost - Debt and other instruments		24,614,384	21,743,857	13	24,614,384	21,743,857	13
Financial assets measured at fair value through other comprehensive income		80,502,646	72,716,407	11	80,502,646	72,716,407	11
Investments in subsidiaries		187,436	187,436	-	-	-	-
Investments in associate		35,270	35,270	-	30,092	31,293	(4)
Investments in joint venture		755,000	755,000	-	2,353,288	2,065,116	14
Investment property		9,879	9,879	-	478,834	466,977	3
Property, plant and equipment		3,269,785	3,230,843	1	3,358,982	3,312,641	1
Intangible assets and goodwill		1,402,895	1,184,659	18	1,577,506	1,362,149	16
Deferred tax asset		-	308,853	(100)	5,176	314,029	(98)
Other assets		3,082,702	3,283,300	(6)	3,217,880	3,372,786	(5)
Asset held for Sale		-	-	-	19,600	40,000	(51)
Total assets		435,199,145	404,897,280	7	437,650,173	406,911,592	8
Liabilities							
Due to banks		27,111,006	24,594,828	10	27,111,006	24,594,828	10
Derivative financial liabilities		103,711	518,731	(80)	103,711	518,731	(80)
Financial liabilities at amortised cost - Due to depositors	10	277,721,908	247,786,974	12	277,344,786	247,457,696	12
Financial liabilities at amortised cost - Due to other borrowers		43,775,734	47,307,556	(7)	43,775,734	47,307,556	(7)
Debt securities in issue		15,323,921	14,148,198	8	15,323,921	14,148,198	8
Retirement benefit obligation		601,815	561,104	7	628,106	586,351	7
Current tax liabilities		1,130,821	581,269	95	1,135,339	648,178	75
Deferred tax liability		631,433	-	100	722,623	96,714	647
Other liabilities		5,441,062	5,059,187	8	5,805,020	5,266,934	10
Subordinated term debt		14,784,645	16,859,914	(12)	14,784,645	16,859,914	(12)
Total liabilities		386,626,056	357,417,761	8	386,734,891	357,485,100	8
Equity							
Stated capital		7,682,465	7,530,371	2	7,682,465	7,530,371	2
Statutory reserve		2,461,968	2,461,968	-	2,461,968	2,461,968	-
Retained earnings		18,763,124	18,228,086	3	22,119,106	21,278,288	4
Other reserves		19,665,532	19,259,094	2	18,336,130	17,892,900	2
Total equity attributable to equity holders of the Bank		48,573,089	47,479,519	2	50,599,669	49,163,527	3
Non-controlling interests		-	-	-	315,613	262,965	20
Total equity		48,573,089	47,479,519	2	50,915,282	49,426,492	3
Total equity and liabilities		435,199,145	404,897,280	7	437,650,173	406,911,592	8
Contingent liabilities and commitments							
		100,191,435	130,590,400	(23)	100,191,435	130,590,400	(23)
Net assets value per share, LKR		158.74	156.09	2	165.36	161.62	2

Memorandum Information	Bank		Group	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
Number of Employees	2,109	2,076	2,227	2,192
Number of Branches	125	124		
Extension offices and postal units	14	15		

Statement of Changes in Equity

	Stated capital LKR 000	Statutory reserve		Other reserves		Retained earnings LKR 000	Total equity LKR 000
		Reserve fund LKR 000	Fair value reserve LKR 000	Hedging reserve LKR 000	General reserves LKR 000		
Bank							
Balance as at 01 January 2019	4,715,814	2,358,275	5,745,025	60,168	13,779,839	17,187,262	43,846,383
Profit for the period	-	-	-	-	-	737,420	737,420
Other comprehensive (expenses) / income, net of tax	-	-	(727,143)	(131,576)	-	-	(858,719)
Total comprehensive (expenses) / income for the period	-	-	(727,143)	(131,576)	-	737,420	(121,299)
Transfer of gains / (losses) on disposal / write off of equity investments at fair value through other comprehensive income to retained earnings	-	-	-	-	-	4,886	4,886
Transactions with equity holders of the Bank, recognised directly in equity							
Final dividend approved on 18 February 2019	-	-	-	-	-	(927,841)	(927,841)
Rights Issue	2,814,557	-	-	-	-	(9,036)	2,805,521
Total contributions from and distribution to equity holders	-	-	-	-	-	(936,877)	1,877,680
Balance as at 30 June 2019	7,530,371	2,358,275	5,017,882	(71,408)	13,779,839	16,992,691	45,607,650
Balance as at 01 January 2020							
Balance as at 01 January 2020	7,530,371	2,461,968	5,704,644	(225,389)	13,779,839	18,228,086	47,479,519
Profit for the period	-	-	-	-	-	1,444,283	1,444,283
Other comprehensive income/(expenses), net of tax	-	-	600,889	(191,130)	-	-	409,759
Total comprehensive income / (expenses) for the period	-	-	600,889	(191,130)	-	1,444,283	1,854,042
Transfer of gains on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	(3,321)	-	-	3,321	-
Transactions with equity holders of the Bank, recognised directly in equity							
Dividend Paid	152,094	-	-	-	-	(912,566)	(760,472)
Total contributions from and distribution to equity holders	152,094	-	-	-	-	(912,566)	(760,472)
Balance as at 30 June 2020	7,682,465	2,461,968	6,302,212	(416,519)	13,779,839	18,763,124	48,573,089

Statement of Changes in Equity

Group	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				
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 2019	4,715,814	2,358,275	4,293,847	82,835	60,168	13,779,839	20,107,150	45,397,928	258,224	45,656,152
Profit for the period	-	-	-	-	-	-	861,843	861,843	44,440	906,283
Other comprehensive expense, net of tax	-	-	(722,666)	(20,126)	(131,576)	-	(18)	(874,386)	(17)	(874,403)
Total comprehensive (expense) / income for the period	-	-	(722,666)	(20,126)	(131,576)	-	861,825	(12,543)	44,423	31,880
Transfer of gains / (losses) on disposal / write off of equity investments at fair value through other comprehensive income to retained earnings	-	-	3,589	-	-	-	1,297	4,886	-	4,886
Transactions with equity holders of the Bank, recognized directly in equity										
Final dividend approved on 19 February 2018	-	-	-	-	-	-	(927,841)	(927,841)	-	(927,841)
Rights issue	2,814,557	-	-	-	-	-	(9,036)	2,805,521	-	2,805,521
Total contributions from and distribution to equity holders	2,814,557	-	-	-	-	-	(936,877)	1,877,680	-	1,877,680
Balance as at 30 June 2019	7,530,371	2,358,275	3,574,770	62,709	(71,408)	13,779,839	20,033,396	47,267,952	302,647	47,570,598
Balance at 01 January 2020	7,530,371	2,461,968	4,260,073	78,377	(225,389)	13,779,839	21,278,288	49,163,527	262,965	49,426,492
Profit for the period	-	-	-	-	-	-	1,750,089	1,750,089	52,648	1,802,737
Other comprehensive income/(expense), net of tax	-	-	616,906	20,775	(191,130)	-	(26)	446,525	-	446,525
Total comprehensive income / (expense) for the period	-	-	616,906	20,775	(191,130)	-	1,750,063	2,196,615	52,648	2,249,262
Transfer of gains on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	(3,321)	-	-	-	3,321	-	-	-
Transactions with equity holders of the Bank, recognized directly in equity										
Dividend Paid	152,094	-	-	-	-	-	(912,566)	(760,472)	-	(760,472)
Total contributions from and distribution to equity holders	152,094	-	-	-	-	-	(912,566)	(760,472)	-	(760,472)
Balance as at 30 June 2020	7,682,465	2,461,968	4,873,658	99,152	(416,519)	13,779,839	22,119,106	50,599,670	315,613	50,915,282

Statement of Cash Flows

For the six months ended 30 th June	Bank		Group	
	2020 LKR 000	2019 LKR 000	2020 LKR 000	2019 LKR 000
Cash flows from operating activities				
Interest receipts	14,456,752	15,517,451	14,480,171	15,515,380
Interest payments	(16,916,767)	(16,183,332)	(16,899,710)	(16,164,943)
Net commission receipts	933,981	945,314	933,981	945,314
Net trading income	2,394	20,371	2,394	20,371
Recoveries from loans previously written off	15,593	1,012	15,593	1,012
Receipts from other operating activities	1,372,133	1,128,596	1,733,438	1,436,171
Payments on other operating activities	(1,670,382)	(1,658,612)	(1,829,956)	(1,658,612)
Cash payments to employees	(1,692,483)	(1,844,190)	(1,692,483)	(2,027,444)
Taxes on financial services	(600,767)	(674,337)	(600,767)	(674,346)
Operating Cash flows before changes in operating assets and liabilities	(4,099,546)	(2,747,727)	(3,857,339)	(2,607,097)
(Increase) / decrease in operating assets:				
Balances with Central Bank / Deposits held for regulatory or monetary control purposes	4,965,700	2,318,671	4,965,700	2,318,671
Financial assets at amortised cost - Loans to and receivables from other customers	(15,698,785)	(7,582,558)	(15,698,785)	(7,582,558)
Others	(837,148)	1,082,310	(575,775)	1,080,663
Increase / (decrease) in operating liabilities:				
Financial liabilities at amortised cost - Due to depositors	30,162,871	13,852,731	29,903,625	13,854,935
Negotiable certificates of deposits	1,139,037	(27,138)	1,139,037	(27,138)
Others	(820,355)	1,683,162	(963,393)	1,683,163
Net cash flows from operating activities before income tax	14,811,774	8,579,451	14,913,070	8,720,639
Income tax paid	(233,800)	(796,605)	(258,758)	(855,047)
Net cash flows from operating activities	14,577,974	7,782,846	14,654,312	7,865,592
Cash flows from investing activities				
Dividends received from investment in subsidiaries, joint venture, and associate	411,649	355,201	408,150	351,701
Interest received	3,573,751	3,478,444	3,592,326	3,493,614
Government Securities- net	(4,008,538)	(12,122,729)	(4,008,538)	(12,122,727)
Proceeds from sale and redemption of securities	919,233	159,658	939,632	184,658
Purchase of financial investments	(175,068)	(36,732)	(175,068)	(36,732)
Purchase of property, equipment, intangibles and investment property	(187,416)	(104,565)	(187,652)	(105,410)
Proceeds from sale of equipment and investment property	-	10,524	-	10,505
Net cash flows from / (used in) investing activities	533,611	(8,260,199)	568,850	(8,224,391)
Cash flows from financing activities				
Issue of new shares under Right Issue	-	2,814,557	-	2,814,557
Issue of debentures	5,000,000	10,000,000	5,000,000	10,000,000
Redemption of debentures	(5,000,000)	(5,315,450)	(5,000,000)	(5,315,450)
Borrowing, medium and long - term	7,177,783	7,877,365	7,177,783	7,877,365
Other borrowings - net	(3,151,733)	481,016	(3,151,733)	481,016
Repayment of borrowing, medium and long - term	(6,340,960)	(2,473,102)	(6,340,960)	(2,473,102)
Dividends paid	(760,472)	(921,468)	(763,972)	(928,467)
Net Cash flows (used in) / from financing activities	(3,075,382)	12,462,918	(3,078,882)	12,455,919
Net increase in cash and cash equivalents	12,036,203	11,985,565	12,144,280	12,097,120
Cash and cash equivalents at the beginning of year	5,615,238	5,464,716	5,659,798	5,489,550
Cash and cash equivalents at the end of period	17,651,441	17,450,281	17,804,078	17,586,670
Reconciliation of cash and cash equivalents with items reported in the statement of financial position				
Cash and cash equivalents	8,356,343	6,444,704	8,374,438	6,453,207
Placements with banks	9,295,098	11,005,577	9,429,640	11,133,463
	17,651,441	17,450,281	17,804,078	17,586,670

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 are no changes to the accounting policies and method of computation since the publication of the last annual financial statements.

Note 3. Impact due to corporate income tax rate change

As provided for in LKAS 12 – Income taxes, deferred tax assets and liabilities should be measured at the tax rate that are expected to be applied in the period in which the asset will be realised or the liability will be settled, based on the tax rate (and tax laws) that have been enacted or substantively enacted by the reporting date.

As per the announcement made by IRD on dated 12th February 2020, income tax rate applicable for the Banking sector has been revised to 24% with effect from 01st January 2020. However, given the fact that the proposed rates are yet to be enacted, both income tax and deferred tax were calculated at the rate of 28% for the period ended 30th June 2020. If the revised rate of 24% had been used, the income tax charge recognised in the income statement would have been reduced by LKR 111 Mn. Further, deferred tax asset and deferred tax liability would have decreased by resulting in a net deferred tax charge to the income statement by LKR 110 Mn and net deferred tax reversal of LKR 200 Mn to other comprehensive income respectively.

Note 4. Group Financial Statements

The Group Financial Statements comprise the Bank and its subsidiaries DFCC Consulting (Pvt) Limited, Lanka Industrial Estates Limited and Synapsys Limited and group interest in associate company National Asset Management Limited and group interest in joint venture Acuity Partners (Pvt) Ltd. Investments in Subsidiaries, joint venture and associate companies are accounted under cost method in Bank's financial statements. Investment in associate and joint venture are accounted under equity method in group's financial statements.

Note 4.1 31 March Financial Year Company

This is Lanka Industrial Estates Ltd.

Note 5. Impact due to Covid 19

The 2019 Novel Coronavirus infection ('coronavirus') or 'COVID-19' outbreak poses a serious public health threat. It has interrupted the movement of people and goods throughout the world, and many jurisdictions have imposed restrictions on individuals and businesses. Furthermore, the quarantine measures taken by respective Governments have curtailed global supply chains and brought pressure on global trade, in turn affecting a large cross section of the Bank's clientele in various industries and sectors. The Bank expects the debt moratorium and concessionary working capital loans introduced by the Central Bank of Sri Lanka, to help the businesses to recover back to normalcy. However, the fact that there will be minimal cash inflows during moratorium period and delayed payments by customers who do not enjoy moratorium would likely to have a negative impact on the earnings, cash flows and liquidity position of the Bank. Based on the internal assessment undertaken by the Bank, there is no significant adverse impact to the regulatory capital ratios maintained by the Bank.

"COVID - 19 Pandemic: Guidance Notes on the Implications on Financial Reporting" issued by the institute of chartered accountants of Sri Lanka has provided reporting guidelines including the following measures;

Section 1 of the financial reporting guideline - Expected Credit Loss calculation

The Bank considered the Probability of Default (PD), Loss Given Default (LGD) and Economic Factor Adjustment (EFA) computed as at 31 December 2019, in order to estimate the Expected Credit Loss (ECL) as at 30th June 2020, due to uncertainty and lack of sufficient information to make any adjustments to capture the potential impact of COVID 19. However, the Bank increased weightage assigned for the worst case scenario by reducing the weightage assigned to base case and best case scenarios when assessing the probability weighted forward looking macro-economic indicators.

Section 2 of the financial reporting guideline - Reclassification of debt and equity portfolios

Based on Section 3 of the "Guidance Notes on Accounting Considerations of the COVID 19 Outbreak" issued by the Institute of Chartered Accountants of Sri Lanka, the Bank has carried out an assessment of the business model and has made following reclassifications with the changes to business models;

I) A one off reclassification of investment made in the equity securities with the fair value of LKR 4,777 Mn from fair value through profit or loss to fair value through other comprehensive income.

II) The Bank has reclassified the investment made in foreign currency denominated government bonds (Sri Lanka Development and Sovereign Bonds) from fair value through other comprehensive income (FVOCI) to amortized cost.

Note 6. Net gain/(loss) from trading

For the period ended 30 June	Bank		Group	
	2020 LKR 000	2019 LKR 000	2020 LKR 000	2019 LKR 000
Foreign exchange from banks	257,523	255,907	257,523	255,907
Government securities				-
- Net marked to market loss	585	-	585	-
- Net capital gain	2,272	20,370	2,272	20,370
Equity securities				-
- Net marked to market gain / loss	8,534	(1,084,574)	8,534	(1,084,574)
- Net capital gain	-	2,447	-	2,447
- Dividend income	-	202,551	-	202,551
	268,914	(603,299)	268,914	(603,299)

Note 7. Net loss from financial instruments at fair value through profit or loss

For the period ended 30 June	Bank		Group	
	2020 LKR 000	2019 LKR 000	2020 LKR 000	2019 LKR 000
Forward exchange fair value changes				
Contracts with commercial banks	(480,303)	(1,660,464)	(480,303)	(1,660,464)
Interest rate swap fair value changes	-	(4,671)	-	(4,671)
Loss on financial assets fair value through profit or loss - equity securities	(75,901)	(64,663)	(75,901)	(64,663)
	(556,204)	(1,729,798)	(556,204)	(1,729,798)

Note 8. Net Other Operating Income

For the period ended 30 June	Bank		Group	
	2020 LKR 000	2019 LKR 000	2020 LKR 000	2019 LKR 000
Financial assets measured at fair value through other comprehensive income				
Gain on sale of equity shares	894	-	894	-
Dividend income	682,882	384,050	682,882	384,050
Dividend income from subsidiaries, joint venture and associate	3,500	3,010	-	-
Net gain from repurchase transactions	353,901	125,874	353,901	125,874
Gains on revaluation of foreign exchange	124,096	317,122	124,096	317,122
Others	22,978	41,706	266,429	271,266
	1,188,251	871,762	1,428,202	1,098,312

Note 9. Financial Assets at Amortized Cost - Loans to and Receivables from Other Customers

As at	Bank		Group	
	30.06.2020	31.12.2019 (Audited)	30.06.2020	31.12.2019 (Audited)
	LKR 000	LKR 000	LKR 000	LKR 000
Gross loans and receivables (Note 9.1)	305,456,935	285,224,793	305,456,935	285,224,793
Less: Allowance for impairment (Note 9.2)	(13,797,547)	(12,406,482)	(13,797,547)	(12,406,482)
Net loans and receivables	291,659,388	272,818,311	291,659,388	272,818,311

Note 9.1 Loans to and Receivables from Other Customers - By product

As at	Bank		Group	
	30.06.2020	31.12.2019 (Audited)	30.06.2020	31.12.2019 (Audited)
	LKR 000	LKR 000	LKR 000	LKR 000
By product-Domestic Currency				
Overdrafts	41,147,730	41,339,121	41,147,730	41,339,121
Trade finance	27,073,226	26,160,309	27,073,226	26,160,309
Credit cards	1,703,453	1,448,853	1,703,453	1,448,853
Pawning	3,766,597	3,620,611	3,766,597	3,620,611
Staff loans	2,262,639	2,096,715	2,262,639	2,096,715
Term loans	164,063,620	151,565,262	164,063,620	151,565,262
Lease rentals receivable	23,993,313	22,173,952	23,993,313	22,173,952
Commercial papers and asset back notes	2,394,939	2,227,583	2,394,939	2,227,583
Preference shares	-	37,500	-	37,500
	266,405,517	250,669,906	266,405,517	250,669,906
By product-Foreign Currency				
Overdrafts	210,952	352,423	210,952	352,423
Trade finance	12,479,636	9,477,336	12,479,636	9,477,336
Term loans	26,360,830	24,725,128	26,360,830	24,725,128
	39,051,418	34,554,887	39,051,418	34,554,887
Gross loans and receivables	305,456,935	285,224,793	305,456,935	285,224,793

Note 9.2 Movement in Impairment during the period

	Bank		Group	
	30.06.2020	31.12.2019 (Audited)	30.06.2020	31.12.2019 (Audited)
	LKR 000	LKR 000	LKR 000	LKR 000
Stage 1				
Balance at beginning	901,871	786,161	901,871	786,161
Charge / (write back) to income statement	121,998	116,321	121,998	116,321
Write-off during the period	(11)	(611)	(11)	(611)
Balance at end	1,023,858	901,871	1,023,858	901,871
Stage 2				
Balance at beginning	1,563,877	2,355,958	1,563,877	2,355,958
(Write back) / charge to income statement	542,296	(790,380)	542,296	(790,380)
Write-off during the period	(3,382)	(1,701)	(3,382)	(1,701)
Balance at end	2,102,791	1,563,877	2,102,791	1,563,877
Stage 3				
Balance at beginning	9,940,734	8,423,457	9,940,734	8,423,457
Charge to income statement	721,891	2,264,451	721,891	2,264,451
Effect of foreign currency movement	13,361	9,475	13,361	9,475
Write-off during the period	(5,088)	(741,068)	(5,088)	(741,068)
Other movements	-	(15,581)	-	(15,581)
Balance at end	10,670,898	9,940,734	10,670,898	9,940,734
Total Impairment	13,797,547	12,406,482	13,797,547	12,406,482

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

As at	Bank		Group	
	30.06.2020	31.12.2019 (Audited)	30.06.2020	31.12.2019 (Audited)
	LKR 000	LKR 000	LKR 000	LKR 000
By product-Domestic Currency				
Demand deposits (current accounts)	5,649,436	4,661,209	5,649,371	4,661,159
Savings deposits	28,798,529	25,191,169	28,740,763	25,164,855
Fixed deposits	199,619,921	169,371,525	199,318,158	169,078,333
Other deposits	1,564,956	871,054	1,564,956	871,054
Certificate of deposits	1,998,768	838,979	1,998,768	838,979
	237,631,610	200,933,936	237,272,016	200,614,380
By product- Foreign Currency				
Demand deposits (current accounts)	685,024	360,700	685,024	360,700
Savings deposits	23,515,283	25,656,648	23,507,960	25,651,322
Fixed deposits	15,689,752	20,806,572	15,679,547	20,802,176
Other deposits	200,239	29,118	200,239	29,118
	40,090,298	46,853,038	40,072,770	46,843,316
Total	277,721,908	247,786,974	277,344,786	247,457,696

Note 11. Proposed Debenture Issue

The Board of Directors decided to issue up to Seventy Million (70,000,000) Basel III compliant, Subordinated, Listed, Rated, Unsecured, Redeemable Debentures with a Non-Viability conversion option, each at an issue price (par value) of LKR 100/- with a term of up to 7 years and the same was approved by the shareholders at the extra ordinary general meeting dated 24 June 2020. Bank is in the process of obtaining all necessary regulatory and other approvals.

Note 12. Events after the reporting period

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

The Covid 19 outbreak continues to pose challenges due to uncertainties and limitations faced by businesses both locally and globally which in turn has implications on the operations of the Bank. Required adjustments have been made for the potential implications in these financial statements based on the available information as at Reporting date. The Board will continue to monitor the implications and make adjustments, if required.

Note 13. Disclosures under Listing Rules

13.1 During the period, there were no material changes in the composition of assets, liabilities and contingent liabilities and use of funds raised through debentures. 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	
	30.06.2020	31.12.2019
Number of shares of the Bank	305,997,250	304,188,756

13.3 Market price of a share

Information on shares of the Bank for the quarter ended	30.06.2020	31.12.2019
- Highest price LKR	70.00	99.90
- Lowest price LKR	47.90	86.10
- Market price LKR	66.40	91.90

13.4 Twenty Major Shareholders as at 30.06.2020

	Name of Shareholder/Company	Shareholding	%
1	Hatton National Bank PLC A/c No.1	45,624,242	14.91
2	Bank of Ceylon No.2 - A/C (BOC PTF)	38,266,153	12.51
3	Mr.M.A. Yaseen	30,599,724	10.00
4	Sri Lanka Insurance Corporation Ltd-Life Fund	26,667,440	8.71
5	Employees Provident Fund	24,513,876	8.01
6	Melstacorp PLC	22,516,691	7.36
7	Seafeld International Limited	17,822,125	5.82
8	BPSS Lux- Aberdeen Standard Sicav I-Asia Pacific Equity Fund	13,095,720	4.28
9	Citi Bank New York S/A Norges Bank Account 2	9,103,101	2.97
10	CB London S/A Aberdeen Asia Pacific Equity Fund	7,400,530	2.42
11	Renuka City Hotels PLC	6,968,052	2.28
12	BP2S London - Edinburgh Dragon Trust PLC	6,377,350	2.08
13	BP2S London - Aberdeen Standard Asia Focus PLC	5,245,937	1.71
14	Renuka Hotels PLC	4,097,577	1.34
15	Employees Trust Fund Board	4,011,661	1.31
16	Akbar Brothers Pvt Ltd A/C No.01	2,594,019	0.85
17	Cargo Boat Development Company PLC	2,513,052	0.82
18	BP2S London - Aberdeen New Dawn Investment Trust XCC6	1,909,575	0.62
19	Stassen Exports (Pvt) Limited	1,908,067	0.62
20	Anverally International (Pvt) Limited	1,692,148	0.55

13.5 Public Holdings as at 30.06.2020

Public holdings percentage	62.56%
Number of Public shareholders	9,286
Float adjusted market capitalisation	LKR 12,711 million
Applicable option as per CSE Listing Rule 7.13.1 (a)	Option 1

13.6 Directors' Interests in Shares

	No of Shares As at 30.06.2020
P M B Fernando	2,011
K.P Cooray	Nil
S.R Thambiyah (Ms.)	Nil
V J Senaratne (Ms.)	1,823
L H A L Silva	25,013
L.K.A.H. Fernando (Ms.)	Nil
N.K.G.K. Nemmawatta	Nil
J. Durairatnam	Nil
N.H.T.I.Perera	16,899

Certification

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

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

J. Durairatnam
Chairman

Lakshman Silva
Director & Chief Executive Officer

Chinthika Amarasekera
Chief Financial Officer

Listed Debentures

Debenture Category	Interest rate Frequency	Applicable Interest Rate %	Interest rate of Comparative Government Securities (Gross) p.a. %	Balance as at 30.06.2020 LKR 000	Market price LKR			Yield Last Traded %	Last Traded Date
					Highest	Lowest	Last Traded		
Fixed Rate									
2016/2021	Annually	12.15	5.53	1,028,803	N/T	N/T	N/T	N/A	N/A
2016/2023	Annually	12.75	6.21	6,515,094	N/T	N/T	N/T	N/A	N/A
2018/2023	Annually	12.60	5.99	2,996,859	N/T	N/T	N/T	N/A	N/A
2018/2025	Annually	13.00	6.64	4,205,192	N/T	N/T	N/T	N/A	N/A
2019/2024	Annually	13.50	6.38	3,922,008	N/T	N/T	N/T	N/A	N/A
2019/2026	Annually	13.75	6.75	1,839,676	N/T	N/T	N/T	N/A	N/A
2019/2029	Annually	13.90	7.19	4,549,308	N/T	N/T	N/T	N/A	N/A

N/T -Not traded

Selected Performance Indicators

	Bank		Group	
	30.06.2020	31.12.2019	30.06.2020	31.12.2019
Regulatory Capital (LKR '000)				
Common Equity Tier I	34,804,076	34,824,554	34,593,438	34,908,304
Tier 1 Capital	34,804,076	34,824,554	34,593,438	34,908,304
Total Capital	47,931,197	48,542,925	47,720,559	48,626,675
Regulatory Capital Ratios %				
Common Equity Tier 1 Capital Ratio (Minimum Requirement - 6.5%)	11.139	N/A	11.040	N/A
(Minimum Requirement - 7%)	N/A	11.342	N/A	11.327
Tier 1 Capital Ratio (Minimum Requirement - 8%)	11.139	N/A	11.040	N/A
(Minimum Requirement - 8.5%)	N/A	11.342	N/A	11.327
Total Capital Ratio (Minimum Requirement - 12%)	15.340	N/A	15.229	N/A
(Minimum Requirement - 12.5%)	N/A	15.810	N/A	15.778
Leverage Ratio (Minimum requirement is 3%)	7.38	7.56	7.34	7.60
Regulatory Liquidity				
Statutory liquid assets LKR 000				
Domestic Banking Unit	95,445,797	75,974,164		
Off-Shore Banking Unit	17,171,151	14,690,750		
Statutory liquid assets ratio % (Minimum requirement 20%)				
Domestic Banking Unit	27.85	23.55		
Off-Shore Banking Unit	50.23	53.07		
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement - 90%)	254.08	234.22		
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement 90%)	186.45	140.53		
Net Stable Funding Ratio (%) (minimum requirement 90%)	119.41	113.41		
Asset Quality				
Non-performing loans and advances - Gross exposure % (Net of interest in suspense)	4.85	4.85		
Non-performing loans and advances - Net exposure % (Net of interest in suspense and provisions)	1.83	2.07		
Profitability				
Interest margin %	2.83	3.25		
Return on assets (profit before tax) %	0.87	0.77		
Return on equity %	4.91	4.54		
Other Ratios				
Debt to equity ratio (times)	1.92	2.03		
Interest cover (times)	1.81	1.44		

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 June 2020	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000
Financial Assets								
Cash and cash equivalents	-	-	8,356,343	8,356,343	-	-	8,374,438	8,374,438
Balances with Central Bank of Sri Lanka	-	-	3,700,847	3,700,847	-	-	3,700,847	3,700,847
Placements with banks	-	-	9,295,098	9,295,098	-	-	9,429,640	9,429,640
Derivative financial assets	451,553	-	-	451,553	451,553	-	-	451,553
Financial assets measured at fair value through profit or loss	752,731	-	-	752,731	752,731	-	-	752,731
Financial assets at amortised cost - Loans to and receivables from banks	-	-	7,123,188	7,123,188	-	-	7,123,188	7,123,188
Financial assets at amortised cost -Loans to and receivables from other customers	-	-	291,659,388	291,659,388	-	-	291,659,388	291,659,388
Financial assets at amortised cost - Debt and other instruments	-	-	24,614,384	24,614,384	-	-	24,614,384	24,614,384
Financial assets measured at fair value through other comprehensive income	-	80,502,646	-	80,502,646	-	80,502,646	-	80,502,646
Other assets	-	-	1,878,876	1,878,876	-	-	2,006,382	2,006,382
Total financial assets	1,204,284	80,502,646	346,628,124	428,335,054	1,204,284	80,502,646	346,908,267	428,615,197
Financial Liabilities								
Due to banks	-	-	27,111,006	27,111,006	-	-	27,111,006	27,111,006
Derivative financial liabilities	103,711	-	-	103,711	103,711	-	-	103,711
Financial liabilities at amortised cost -Due to depositors	-	-	277,721,908	277,721,908	-	-	277,344,786	277,344,786
Financial liabilities at amortised cost - Due to other borrowers	-	-	43,775,734	43,775,734	-	-	43,775,734	43,775,734
Debt securities issued	-	-	15,323,921	15,323,921	-	-	15,323,921	15,323,921
Other liabilities	-	-	4,371,372	4,371,372	-	-	4,689,874	4,689,874
Subordinated term debt	-	-	14,784,645	14,784,645	-	-	14,784,645	14,784,645
Total financial liabilities	103,711	-	383,088,586	383,192,297	103,711	-	383,029,966	383,133,677

	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 2019	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000
Financial Assets								
Cash and cash equivalents	-	-	5,450,209	5,450,209	-	-	5,459,359	5,459,359
Balances with Central Bank of Sri Lanka	-	-	8,666,547	8,666,547	-	-	8,666,547	8,666,547
Placements with banks	-	-	165,030	165,030	-	-	200,441	200,441
Derivative financial assets	631,438	-	-	631,438	631,438	-	-	631,438
Financial assets measured at fair value through profit or loss	5,307,066	-	-	5,307,066	5,307,066	-	-	5,307,066
Financial assets at amortised cost - Loans to and receivables from banks	-	-	8,403,175	8,403,175	-	-	8,403,175	8,403,175
Financial assets at amortised cost -Loans to and receivables from other customers	-	-	272,818,311	272,818,311	-	-	272,818,311	272,818,311
Financial assets at amortised cost - Debt and other instruments	-	-	21,743,857	21,743,857	-	-	21,743,857	21,743,857
Financial assets measured at fair value through other comprehensive income	-	72,716,407	-	72,716,407	-	72,716,407	-	72,716,407
Other assets	-	-	2,148,567	2,148,567	-	-	2,238,051	2,238,051
Total financial assets	5,938,504	72,716,407	319,395,696	398,050,607	5,938,504	72,716,407	319,529,741	398,184,652
Financial Liabilities								
Due to banks	-	-	24,594,828	24,594,828	-	-	24,594,828	24,594,828
Derivative financial liabilities	518,731	-	-	518,731	518,731	-	-	518,731
Financial liabilities at amortised cost -Due to depositors	-	-	247,786,974	247,786,974	-	-	247,457,696	247,457,696
Financial liabilities at amortised cost - Due to other borrowers	-	-	47,307,556	47,307,556	-	-	47,307,556	47,307,556
Debt securities issued	-	-	14,148,198	14,148,198	-	-	14,148,198	14,148,198
Other liabilities	-	-	3,786,445	3,786,445	-	-	3,907,977	3,907,977
Subordinated term debt	-	-	16,859,914	16,859,914	-	-	16,859,914	16,859,914
Total financial liabilities	518,731	-	354,483,915	355,002,646	518,731	-	354,276,169	354,794,900

OPERATING SEGMENTS - GROUP
Information about reportable segments

	Corporate Banking		Retail Banking		Central Treasury		Other		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000	LKR.'000
External revenue										
Interest income	6,196,990	6,765,123	10,011,464	10,166,086	3,173,495	3,529,942	19,173	24,792	19,401,122	20,485,944
Net fees and commission income	239,990	229,096	515,303	586,339	-	-	-	-	755,293	815,436
Net (loss) / (gain) from trading	-	-	-	-	274,017	(603,299)	-	-	274,017	(603,299)
Net gain / (loss) from financial instruments at fair value through profit or loss	-	-	-	-	(568,444)	(1,729,798)	-	-	(568,444)	(1,729,798)
Net gain from derecognition of financial assets	-	-	-	-	32,306	66,436	-	-	32,306	66,436
Other (losses) / income - net	18,920	924	5,664	1,838	490,237	426,003	467,992	302,952	982,813	731,718
Income from external customers	6,455,900	6,995,143	10,532,431	10,754,263	3,401,611	1,689,286	487,165	327,744	20,877,107	19,766,437
Inter segment revenue	(4,261)	(3,158)	(14,784)	(6,812)	-	-	(126,459)	(110,552)	(145,503)	(120,522)
Total segment revenue	6,451,639	6,991,985	10,517,647	10,747,451	3,401,611	1,689,286	360,706	217,192	20,731,604	19,645,915
Segment assets	130,860,164	115,663,916	157,319,099	141,334,422	127,496,593	128,909,201	889,379	1,157,932	416,565,235	387,065,471
Segment liabilities	85,919,105	70,840,802	179,409,216	148,015,101	101,099,017	93,223,850	76,736	421,647	366,504,074	312,501,400
Information on cash flows										
Cash flows from operating activities									14,654,312	7,865,592
Cash flows from investing activities									568,850	(8,224,391)
Cash flows from financing activities									(3,078,882)	12,455,919
Net cash flows generated during the year period									12,144,279	12,097,120
Capital expenditure:										
Property, plant and equipment	148	75	89,331	38,650	3,183	783	20,618	19,316	113,280	58,824
Intangible assets	-	-	176	12,354	-	-	73,960	29,091	74,136	41,445

Reconciliations of information on reportable segments to the amounts reported in the financial statements

	2020	2019
	Rs.'000	Rs.'000
i. Revenues		
Total revenue for reportable segments	20,877,107	19,766,437
Unallocated amounts	1,660,748	1,104,121
Elimination of inter-segment revenue	(126,459)	(110,552)
Consolidated revenue	22,411,396	20,760,006
ii. Assets		
Total assets for reportable segments	416,565,235	387,065,471
Other unallocated amounts	21,084,938	15,010,380
Consolidated total assets	437,650,173	402,075,851
iii. Liabilities		
Total liabilities for reportable segments	366,504,074	312,501,400
Other unallocated amounts	20,230,817	42,003,852
Consolidated total liabilities	386,734,891	354,505,252

Segment performance is evaluated based on operating profits or losses which are measured differently from operating profits or losses in the consolidated financial statements. Expenses are managed on a group basis and are not allocated to operating segment.

Eliminations are the consolidation adjustments for inter company transactions.