DFCC Bank delivers resilient, purpose-driven performance

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DFCC Bank reported strong financial results in first quarter of 2025, with notable growth in loans and deposits.

Net interest income increased by five percent, and the CASA ratio improved to 26.47 percent from 24.77 percent in the previous quarter, reflecting the bank's focus on prudent financial management. As market interest rates fell due to an accommodative monetary policy, credit growth in the private sector rose, benefiting domestic economic activity.

The bank adjusted lending and deposit rates to support businesses and individuals while enhancing profitability by shifting its investment portfolio towards high-yield government securities, leading to lower impairment provisions and increased profits. The Bank sold its 50 percent stake (75,500,001 shares) in Acuity Partners, recording a net disposal gain of 5,018 million rupees as profit from discontinued operations. After applying equity method accounting, the Group’s net disposal gain was 166 million rupees. This commentary pertains to the unaudited financial statements for the period ended 31 March 2025, prepared in accordance with Sri Lanka Accounting Standard 34 (LKAS 34).

DFCC Bank reported a profit before tax (PBT) of 3,912 million rupees and a profit after tax (PAT) of 2,768 million rupees for the period ending March 31, 2025, a decline from 4,733 million rupees PBT and 3,134 million rupees PAT in the previous period.

The Earnings Per Share (EPS) from continuing operations was 6.38 rupees, with an EPS including a gain on disposal of 17.95 rupees.

At the Group level, PBT was 4,055 million rupees and PAT was 2,877 million rupees, down from 4,821 million rupees PBT and 3,191 million rupees PAT in 2024.

The Bank’s return on equity (ROE) was 14.46 percent and return on assets (ROA) before tax was 2.14 percent.

The Average Weighted Prime Lending Rate (AWPR) decreased to 8.43 percent as of March 31, 2025, down from 10.69 percent the previous year, due to increased liquidity and accommodative monetary policy. This contributed to a seven percent drop in interest income compared to 2024. The CASA ratio improved to 26.47 percent from 24.77 percent at the end of 2024.

To support business growth, fee expenses increased, leading to a 24 percent rise in net fee and commission income to 1,434 million rupees. The Stage three impaired loan ratio improved from 5.65 percent to 5.38 percent due to recovery efforts, while impairment charges fell to 1,355 million rupees.

Operating expenses rose to 4,379 million rupees amid inflation, but spending remained controlled. DFCC Bank’s total assets grew by 60.3 billion rupees, with a nine percent increase since December 2024.

The net loan portfolio increased by 19 billion rupees, while total liabilities rose by 54 billion rupees; the deposit base grew by eight percent to 501 billion rupees, resulting in a loan-to-deposit ratio of 92.02 percent. With a CASA ratio improvement to 32.66 percent, total equity reached 6 billion rupees by March 2025, supported by a profit after tax of 7.8 billion rupees.

Thimal Perera, Director and CEO, DFCC, reported that the Group Profit After Tax reached three billion rupees, with Earnings Per Share (EPS) at 6.9 rupees. Net Interest Income increased by five percent to 7.4 billion rupees, aided by the strategic sale of their 50 percent stake in Acuity Partners. The bank’s asset quality improved, with the Stage three impaired loan ratio down to 5.38 percent, while impairment provisions fell by 14 percent year-on-year. The CASA ratio increased to 26.47 percent, and the Total Capital Ratio stood at 13.50 percent, demonstrating financial stability. DFCC also achieved a milestone by listing Sri Lanka’s first Green Bond on the Luxembourg Green Exchange, raising 2.5 billion rupees to support renewable energy projects. Celebrating its 70th anniversary, the bank continues to prioritize customer value with innovative financing solutions.