DFCC Bank demonstrates disciplined performance and balance sheet strength in Q1 2026



Jegan Durairatnam, Chairman, DFCC Bank.



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DFCC Bank delivered a resilient financial performance for the quarter ended March 31, 2026, demonstrating the strength of its strategic direction, disciplined execution, and robust balance sheet management despite evolving global and domestic economic challenges. The Bank recorded steady growth across its core business segments, supported by prudent risk management, improved funding optimisation, and continued investment in strategic initiatives aimed at long-term value creation.

During the first quarter of 2026, DFCC Bank recorded strong balance sheet growth, with loans increasing by five percent and deposits by seven percent compared to December 2025. Total assets rose to 884 billion rupees, while total liabilities

increased to 777 billion rupees, with the lending portfolio expanding to 540 billion rupees. The Bank’s prudent liquidity management and funding optimisation strategies contributed significantly to performance during the quarter. Effective management of funding costs in a moderating interest rate environment enabled DFCC Bank to record a 12 percent increase in Net Interest Income, which rose to 8.3 billion rupees.

Interest income and interest expenses increased by 15 percent and 17 percent respectively, while Net Interest Margin remained healthy at 3.88 percent. DFCC Bank also strengthened its funding mix during the quarter, with the CASA portfolio increasing by six percent from December 2025. Consequently, the CASA ratio improved to 24.20 percent, reflecting stronger low-cost deposits and enhanced cost efficiency. Profitability during the quarter reflected the Bank’s cautious and forward-looking approach to managing risk amid geopolitical uncertainty and changing macroeconomic conditions. DFCC Bank reported a Profit Before Tax (PBT) of 2.4 billion rupees and a Profit After Tax (PAT) of 1.7 billion rupees from core operations for the quarter ended March 31, 2026.

At Group level, Profit Before Tax amounted to 2.6 billion rupees, while Profit After Tax stood at 1.8 billion rupees. Profitability moderated during the quarter mainly due to higher impairment provisions, as DFCC Bank strengthened its expected credit loss models and introduced additional overlays to address geopolitical and economic risks. Impairment charges rose to 3.16 billion rupees from 1.35 billion rupees a year earlier. Despite this, asset quality improved, with the Stage 3 impaired loan ratio declining to 4.18 percent from 4.55 percent in December 2025. Meanwhile, fee-based income recorded strong growth, with net fee and commission income increasing 34 percent to 1.9 billion rupees, driven by trade-related commissions and expansion of the Bank’s credit card business.

DFCC Bank’s financial performance was impacted by global market volatility and geopolitical tensions, resulting in unrealised mark-to-market losses of 569 million rupees on equity investments during the quarter. DFCC Bank advanced its strategic priorities during the quarter by progressing the acquisition of Standard Chartered Bank’s Wealth and Retail Banking operations in Sri Lanka. Integration and migration activities are currently underway, with the transaction expected to strengthen DFCC Bank’s retail and affluent banking franchise. The Bank also reinforced its position in sustainable finance through the successful issuance of a Basel III-compliant listed and rated GSS+ Bond valued at 10 billion rupees. The bond issuance was oversubscribed, reflecting strong investor confidence and supporting the Bank’s

capital position. Technology and digital transformation remained central to the Bank’s long-term strategy. Continued investments in IT infrastructure, information security, digital banking capabilities, and marketing initiatives supported operational efficiency, customer engagement, and brand visibility.

Thimal Perera, CEO stated that DFCC Bank remains focused on strengthening its core business, maintaining financial resilience, and delivering sustainable growth through disciplined execution, strategic investments, and responsible banking practices.