

# DFCC Bank Rated AA With Stable Outlook By ICRA Lanka

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Lokeshman Silva, Director/CEO, DFCC Bank.



DFCC Head Office.

DFCC Bank was assigned an issuer rating of '[SL] AA - with Stable outlook' by ICRA Lanka. ICRA Lanka is a Credit Rating Agency licensed by the Securities and Exchange Commission of Sri Lanka (SEC), and is a fully owned subsidiary of ICRA India. ICRA Lanka's rating factors in DFCC Bank's established track record as the pioneer development bank in Sri Lanka (the Bank consequently became a fully-fledged commercial bank in 2015), healthy asset quality indicators, and the adequate capitalization profile. The Bank has a strong corporate banking focus, with about 44 percent of the total portfolio comprising corporate lending as at June 2020. The rating also takes cognizance of the healthy asset quality indicators of the Bank, with gross NPA (GNPA) of 4.8 percent as at June 2020, which was lower than the systemic average of 5.3 percent. The rating factors in the adequate capitalization profile of DFCC, with the Tier 1 capital adequacy ratio at 11.1 percent as at June 2020, above the regulatory requirement of 8.5 percent. The report also highlights that DFCC bank comfortably meets the minimum core capital requirement set by the Central Bank of Sri Lanka with a reported net worth of about 48 billion rupees as at June 2020, against the regulatory minimum of 20 billion rupees by December 2020. Speaking of credit strengths, the report further highlights that the Bank has an established track record of long-term financing, as the first development bank in Sri Lanka, having been established in 1955, and as one of the pioneering development banks in the Asian region. The Bank has a strong corporate banking focus, with about 44 percent of the total portfolio comprising corporate lending, followed by the SME and retail segments, contributing to 33 percent and 18 percent of the overall portfolio as at June 2020. Some of the most established corporate groups in the country are DFCC's top clients, as the Bank has provided longterm funding for these groups since the inception. As at June 2020, DFCC Bank has a total market share of

about four percent in terms of the asset size, with a total asset base of about 435 billion rupees. Speaking on the rating, Lakshman Silva, CEO, DFCC Bank, said, "In these turbulent times, we at DFCC are glad that our hard work and commitment to our trade was reflected in the ICRA rating of AA - with Stable outlook. DFCC Bank will undoubtedly continue to progress towards greater heights prioritizing our valuable customers, employees, shareholders as well as stakeholders who are the center of our business activities." DFCC Bank was ranked amongst Business Today's Top 30 Corporates in Sri Lanka.