

# DFCC Bank Resilient Amidst Economic Headwinds

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Jegan Durairatnam, Chairman, DFCC Bank.



Thimal Perera, CEO, DFCC Bank.

DFCC Bank reported a Profit Before Tax of 10,960 million rupees and a Profit After Tax of 7,220 million rupees for the year ended December 31, 2023. The Group recorded a PBT of 12,508 million rupees and PAT of 8,659 million rupees for December 31, 2023. All the member entities of the Group made positive contributions to this performance. The Bank's Return on Equity improved to 12.19 per cent during the year ending December 31, 2023, from 5.04 per cent recorded for December 31, 2022. The Bank's Return on Assets before tax for the year ended December 31, 2023, is 1.82 per cent.

The Bank's total tax expense, which includes value-added tax and Social Security

Contribution Levy on financial services and income tax, is 6,927 million rupees for the year ended December 31, 2023. As a result, the Bank's tax expense as a percentage of operating profit for the year stood at 48.96 per cent. Operating expenses for the year ended December 31, 2023 increased to 11,720 million rupees primarily due to the increase in inflation. However, the Bank has taken numerous cost control measures within the Bank, resulting in operating expenses being curtailed and managed at these levels. The Bank achieved a healthy 29.41 per cent cost/ income ratio in 2023.

Despite the challenges faced by the economy and the banking sector, DFCC Bank's total assets increased by 74.6 billion rupees, recording a growth of 13 per cent from December 2022. Aligning the Bank's growth strategy to the present economic climate by increasing investment in fixed-income securities, combined with positive fair value movement in both fixed-income securities and equity securities, has contributed to a 113 per cent increase in investment in financial assets at fair value through other comprehensive income as of December 31, 2023. The Bank's deposit base experienced a growth of 9.97 per cent during the year, recording an increase of 37 billion rupees to 407 billion rupees, up from 370 billion rupees as of December 31, 2022. This resulted in recording an improved loan-to-deposit ratio of 96.92 per cent. The CASA ratio was 23.79 per cent as of December 31, 2023. The Bank's funding costs were also contained using medium to long-term concessionary credit lines, primarily used to grow the lending portfolio and provide much-needed concessionary funding to customers. The CASA ratio improved to 33.57 per cent, and the loans-to-deposit ratio improved to 84.47 per cent as of December 31, 2023. DFCC Bank's total equity increased to 68 billion rupees as of December 31, 2023.

Thimal Perera, CEO, DFCC Bank said, "In light of our robust financial performance in 2023, marked by substantial growth in total assets, deposit base, and profitability metrics, including a notable 187 per cent increase in profit after tax, DFCC Bank remains steadfast in its commitment to prudent financial management and sustainable growth. Our strategic investments in high-yield government securities and focused efforts on fee income generation have bolstered our net interest income and non-funded business lines. Despite prevailing economic challenges, we have maintained resilient credit quality and fortified our capital position, as evidenced by improved equity ratios and compliance with regulatory requirements. Our dedication to innovation and customer-centric values continues to be recognized, reaffirming DFCC Bank's position as a leader in the banking sector. Looking ahead, we remain focused on driving inclusive growth, fostering sustainability, and delivering value to all stakeholders. This year's significant milestone was our accreditation by the Green Climate Fund, making DFCC Bank the first entity in Sri Lanka to receive such recognition. We are also honored to receive prestigious accolades such as the 'Euromoney

Cash Management- Market Leader Award 2023 and the Merit Award for the 'Green Brand of the Year at SLIM Brand Excellence.' These recognitions underscore our unwavering dedication to sustainability, innovation, and customer-centric values. As we continue to revamp our Corporate and Retail banking digital platforms and implement concessionary lending schemes to support our customers during challenging times, we remain committed to serving as the Bank for Everyone, supporting sustainable and social entrepreneurship and driving positive change in the communities we operate and serve."