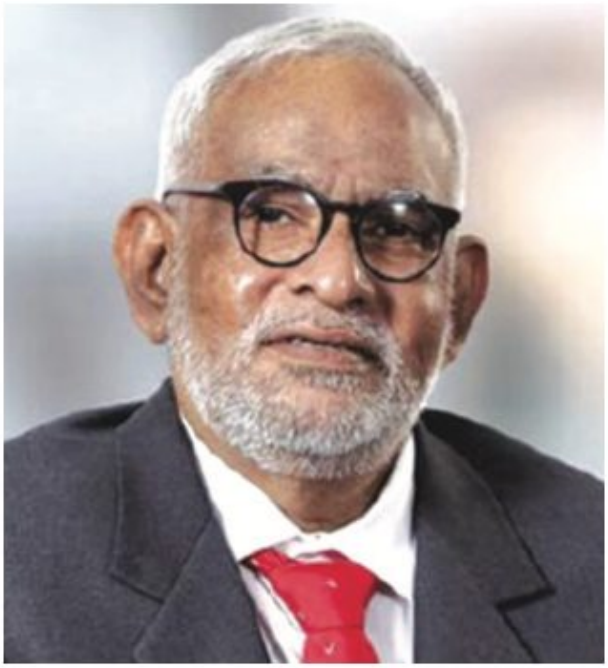


Jegan Durairatnam, Chairman, DFCC Bank.



Thimal Perera, CEO, DFCC Bank.

DFCC Bank’s Strong Financial Performance



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DFCC Bank reported a Profit Before Tax (PBT) of 7,237 million rupees and a Profit After Tax (PAT) of 4,654 million rupees for June 30, 2024. The Group recorded a PBT of 8,342 million rupees and PAT of 5,739 million rupees for June 30, 2024 compared to 5,867 million rupees and 3,923 million rupees. The Bank’s Return on Equity (ROE) improved to 12.16 percent during the period ended June 30, 2024 from 12.19 percent recorded for the year ended December 31, 2023. The Bank’s Return on Assets (ROA) before tax for the period ended June 30, 2024, is 2.11 percent compared to 1.82 percent for the year ended December 31, 2023. The Bank’s total tax expense, which includes Value Added Tax (VAT) and Social Security Contribution Levy (SSCL) on financial services and Income Tax, is 4,754 million rupees for the period ending June 30, 2024. As a result, the Bank’s tax expense as a percentage of operating profit for the period stood at 50.53 percent.

The Bank’s Net Interest Income (NII), which is its core business, decreased by 11 percent to reach 13,723 million rupees by the quarter end of June 2024. The interest margin decreased from 5.18 percent in December 2023 to 4.31 percent by

June 2024. With the tariff reduction for remittances, fee income has reduced compared to the first half of 2023, even though the Bank has increased volumes. Along with the change in the business environment, the Bank increased the commission from credit card operations by growing volumes. Operating expenses for the period ended June 30, 2024, increased to 7,198 million rupees primarily due to the increase in inflation and the adjustment to staff benefits. However, the Bank has taken numerous cost control measures, resulting in operating expenses being curtailed and managed at these levels. The Bank saw a decline in total assets by four billion rupees, which amounted to a drop of one percent from December 2023, mainly due to the strategic decision taken by the Bank to repay part of the liabilities due to banks which were at a higher cost by utilizing short term investments and appreciation of the Sri Lanka Rupee compared to December 31, 2023. However, with the revival of economic activity and reduced lending interest rates, the net loan portfolio has reached 358 billion rupees as of June 30, 2024, which is a three percent growth compared with the balance as of December 31, 2023. The Bank's deposit base experienced a growth of eight percent during the period, recording an increase of 34 billion rupees to 441 billion rupees, up from 407 billion rupees as of December 31, 2023. This resulted in recording an improved loan-to-deposit ratio of 91.89 percent. Further, the CASA ratio reached 25.23 percent as of June 30, 2024.

DFCC Bank's total equity increased to 71.1 billion rupees as of June 30, 2024, supported by favorable movements in the equity portfolio and fixed-income security portfolio classified as fair value through other comprehensive income, positive movements in the hedging reserve, and the recorded profit after tax of 4.7 billion rupees.

"Despite previously challenging economic conditions, which are improving, DFCC Bank has remained resilient, achieving robust financial growth. Our commitment to "profit with purpose" has driven a 46 percent increase in Group Profit After Tax, reaching 5.7 billion rupees, and a 36 percent rise in Group Net Operating Income to 17 billion rupees. This success reflects our strategic adaptation to an evolving economic landscape, underpinned by our rigorous risk management and digitally-driven, customer-centric approach.

Our substantial reduction in impairment charges for loans and receivables by 75 percent to 1.9 billion rupees underscores our ability to capitalize on favorable

macroeconomic trends. Thus, we remain dedicated to supporting economic revival and fostering sustainable growth within the organization, industry, and broader national economy. As we move forward, we will continue to leverage opportunities to deliver value to our stakeholders while retaining the loyalty of our customers, supporting our communities, and maintaining our commitment to responsible, purposeful banking," said Thimal Perera, Chief Executive Officer, DFCC Bank.