Bank Continues to Build Scale and Strengthen Its Core Franchise in 1H 2026

- Group Core Business Profit After Tax of LKR 4.1 Bn
- Group Total Capital Adequacy Ratio of 15.746%
- Group Net Fee and Commission Income up by 29% to LKR 4.2 Bn
- Group Total Assets up by 7% to LKR 921 Bn

DFCC Bank entered the second half of 2026 with a larger and increasingly diversified franchise, following sustained growth across lending, deposits, fee income, and total assets during the first six months of the year. Loan and deposit portfolios grew by 9% and 12%, respectively, compared to 31 December 2025, while total assets increased by 7% to LKR 919 Bn and total liabilities grew by 8% to LKR 811 Bn. Net fee and commission income rose by 29%, while Net Interest Income increased by 6% to LKR 16 Bn, demonstrating continued momentum across the Bank's core income streams.

The first half unfolded against a more demanding external environment. Heightened geopolitical tensions in the Middle East kept commodity prices, particularly energy prices, elevated and increased uncertainty across global markets. In response to inflationary risks, the Central Bank of Sri Lanka increased the Overnight Policy Rate (OPR) by 100 basis points to 8.75% in May 2026. Together with other policy measures, the tightening and its gradual transmission to the real economy are expected to moderate credit growth and demand pressures in the period ahead.

Against this backdrop, the Bank continued to manage its funding profile and margins with discipline. Deposit and lending rates were revised in line with prevailing market conditions, while prudent liquidity management, funding optimisation initiatives, and effective control of funding costs supported a 6% increase in Net Interest Income to LKR 16 Bn. These measures helped preserve balance sheet resilience while supporting sustainable value creation for customers and shareholders.

The Bank recorded a Profit After Tax of LKR 3.9 Bn from core operations. While profitability was lower than in the corresponding period, underlying business momentum remained resilient as management deliberately strengthened prudential buffers in response to evolving geopolitical and macroeconomic risks. Impairment provisioning was reinforced through refinements to credit risk models and specific management overlays, resulting in an LKR 1.1 Bn increase in impairment charges compared to the same period last year. At the same time, the Bank maintained a selective lending approach and strict cost discipline. Notably, the net stage 3 impaired loan ratio improved to 3.61% from 4.55% as at 31 December 2025, reinforcing the Bank's focus on asset quality and sustainable growth.

A defining strategic development following the reporting period was the completion of DFCC Bank's acquisition of Standard Chartered Bank PLC's Wealth and Retail Banking Business in Sri Lanka. First announced to the Colombo Stock Exchange in November 2025, the transaction was completed with the acquired portfolio integrated into DFCC Bank effective 1 August 2026.

The acquisition encompasses approximately 50,000 customer accounts and around 260 employees, while expanding DFCC Bank's network to 139 locations across the country. Together, these additions materially strengthen the Bank's retail and wealth management capabilities, reach, and accessibility.

The transaction represents a significant step in DFCC Bank's growth journey, providing a broader platform for sustainable expansion, deeper customer relationships, and enhanced service delivery while creating long-term value for customers, employees, and shareholders.

Beyond financial performance, 1H 2026 also brought further validation of DFCC Bank's customer, sustainability, and community agenda. The Bank's pioneering Blue Bond secured supplementary listings on the Luxembourg Stock Exchange's Luxembourg Green Exchange and India INX at GIFT City, and was recognised at the Environmental Finance Sustainable Debt Awards 2026. DFCC Bank also received a Gold Award for Financial Inclusivity and a Merit Award for Customer Convenience at the LankaPay Technovation Awards 2026. Through Ride for Life and Ride for Her, the Bank continued to extend its community engagement across mental wellbeing and women's empowerment.

This commentary relates to the unaudited financial statements for the period ended 30 June 2026, presented in accordance with Sri Lanka Accounting Standard 34 (LKAS 34) on Interim Financial Statements.

INCOME STATEMENT ANALYSIS

PROFITABILITY

DFCC Bank PLC, the largest entity within the Group, reported a Profit Before Tax (PBT) of LKR 5,480 Mn and a Profit After Tax (PAT) of LKR 3,904 Mn from core operations for the period ended 30 June 2026, compared to a PBT of LKR 7,910 Mn and a PAT of LKR 5,555 Mn in the corresponding period.

At Group level, for the period ended 30 June 2026, PBT was LKR 5,801 Mn and PAT was LKR 4,139 Mn, compared to LKR 8,172 Mn and LKR 5,747 Mn, respectively, in 2025. The Bank’s Earnings Per Share (EPS) from core banking operations was LKR 8.76 for the period ended 30 June 2026.

The Bank’s Return on Assets (ROA) before tax was 0.99%, while Return on Equity (ROE) after tax stood at 6.19% for the period ended 30 June 2026.

The Bank’s total tax expense, including Value Added Tax (VAT) on financial services, Social Security Contribution Levy (SSCL) on financial services, and Income Tax, amounted to LKR 3,696 Mn for the period ended 30 June 2026. Consequently, the Bank’s tax expense as a percentage of operating profit stood at 49% for the period.

NET INTEREST INCOME

With monetary policy tightening and its gradual transmission to the real economy expected to moderate credit growth and demand pressures, the Bank revised both deposit and lending rates upward during the period in line with prevailing market conditions. Consequently, net interest income increased by 6% to LKR 16,132 Mn, supported by disciplined margin management, effective balance sheet optimisation, and continued growth in earning assets. The Bank's asset base expanded by 17% over the past 12 months, while the loan portfolio recorded a strong 20% growth, reflecting a strategic focus on quality asset expansion and sustainable business growth.

The Bank also strengthened its funding profile, with the CASA portfolio increasing by 14% from 31 December 2025 and the CASA ratio improving to 24.99% as at 30 June 2026. Despite a competitive interest rate environment and prevailing market dynamics, the Bank maintained a healthy Net Interest Margin of 3.66%, underscoring its prudent funding and pricing strategies.

FEE AND COMMISSION INCOME

Strategic focus on trade-related commissions and card-based services supported strong growth in fee-based income, with the credit card portfolio expansion contributing significantly to overall performance.

While related fee expenses increased in line with customer acquisition and portfolio growth, the net impact remained positive. Net fee and commission income increased by 29% to LKR 4,187 Mn, compared to LKR 3,249 Mn in the corresponding period of 2025.

IMPAIRMENT CHARGE ON LOANS AND OTHER LOSSES

The net stage 3 impaired loan ratio improved to 3.61% as at 30 June 2026, from 4.55% as at 31 December 2025, supported by recoveries and portfolio expansion.

In response to current and potential future impacts of global and domestic economic conditions on the Bank's lending portfolio, management strengthened impairment provisioning during the period. This was achieved through enhancements to internal expected credit loss models to capture risk factors not fully observable in the current volatile geopolitical and economic environment, including the recognition of additional provisions as management overlays for exposures to higher-risk sectors and specific customer segments, making additional provision for specific large group exposures.

The Bank also maintained adequate provisioning in line with the accelerated growth in its lending portfolio. As a result, impairment charges increased to LKR 4,630 Mn for the period ended 30 June 2026, compared to LKR 3,482 Mn recorded in the corresponding period of 2025. These provisions have been established to safeguard the Bank's financial strength and reflect a more conservative assessment of potential credit risks, considering prevailing macroeconomic conditions and the potential impact of the geopolitical environment.

OPERATING EXPENSES

Technology and digital transformation continued to be key strategic priorities for the Bank during the period, supported by ongoing investments in IT infrastructure aimed at enhancing digital capabilities, strengthening information security, improving operational efficiency, and delivering a seamless multi-channel customer experience. The Bank also increased its investment in marketing and business development initiatives to strengthen brand visibility, deepen customer engagement, and support growth across key product segments. These investments are expected to create long-term value by reinforcing the Bank's market position, expanding its customer franchise, and enhancing its competitive advantage in an evolving financial services landscape.

In addition, operating expenses were impacted by annual salary revisions and performance-based incentive payments, reflecting the Bank's continued focus on attracting, retaining, and rewarding talent while supporting its long-term growth objectives.

As a result of these strategic investments and personnel-related costs, total operating expenses for the six-month period ended 30 June 2026 increased to LKR 10,969 Mn from LKR 8,325 Mn recorded in the corresponding period of 2025. Nevertheless, the Bank remains committed to maintaining prudent cost discipline and pursuing ongoing efficiency improvements to support sustainable growth and operational resilience.

OTHER COMPREHENSIVE INCOME (OCI)

Changes in the fair value of investments in equity and fixed-income securities (treasury bills and bonds), along with movements in hedging reserves, are recorded through other comprehensive income. The application of hedge accounting minimised the impact of exchange rate fluctuations on the Bank's profitability.

A fair value gain of LKR 1,144 Mn was recorded on equity investments outstanding as at 30 June 2026, primarily driven by the increase in the share price of Commercial Bank of Ceylon PLC.

FINANCIAL POSITION ANALYSIS

ASSETS

Total assets increased by LKR 62 Bn, representing a 7% growth since December 2025, mainly attributable to the expansion of the loan portfolio, which rose by LKR 48 Bn to LKR 564 Bn, a 9% increase from LKR 516 Bn as at 31 December 2025. This performance demonstrates the successful delivery of DFCC Bank's strategic growth initiatives, driven by a selective and disciplined lending approach that balances sustainable expansion with asset quality. The renewed confidence amid improving economic conditions reinforces the Bank's role in driving prudent credit expansion and supporting national economic initiatives.

LIABILITIES

The Bank's total liabilities increased by LKR 61 Bn, reflecting an 8% growth from December 2025. The deposit base expanded by 12%, rising by LKR 67 Bn to LKR 632 Bn, up from LKR 565 Bn as at 31 December 2025, resulting in a loan-to-deposit ratio of 97.44%. Additionally, the CASA ratio stood at 24.99% as at 30 June 2026.

The Bank effectively contained funding costs by utilising medium- to long-term concessionary credit lines, which supported the expansion of the lending portfolio and provided concessionary funding to customers. Factoring in these term borrowings, the CASA ratio further improved to 29.42%, while the loan-to-deposit ratio improved to 91.68% as at 30 June 2026.

EQUITY AND COMPLIANCE WITH CAPITAL REQUIREMENTS

As at 30 June 2026, total equity was maintained at LKR 109 Bn, contributed by a profit after tax of LKR 3.9 Bn and movements across the Bank's securities portfolios.

In alignment with the Bank's growth strategy and the improving economic environment, the net loan portfolio grew by 9%. Leveraging the strengthened equity base, the Bank effectively absorbed the additional capital requirements associated with portfolio growth. The Tier 1 Capital Ratio was maintained at 11.947%, while the Total Capital Ratio stood at 15.707%, compared to 13.550% and 15.933%, respectively, as at 31 December 2025.

Following shareholder approval, the Bank is currently in the process of completing the remaining regulatory and administrative formalities relating to the issuance of Basel III-compliant, Tier II, listed, rated, subordinated, unsecured, redeemable debentures, with the objective of raising up to LKR 15 Bn.

The Bank's Net Stable Funding Ratio (NSFR) stood at 124.43%, and the Liquidity Coverage Ratio (LCR) – all currency – stood at 162.26%, both comfortably exceeding regulatory minimums.

CEO's Statement

DFCC Bank entered the second half of 2026 from a position of greater scale and a stronger core franchise. For the six months ended 30 June 2026, the Group recorded a Profit After Tax of LKR 4.1 Bn, while loans and deposits expanded by 9% and 12%, respectively, from December 2025. Net fee and commission income increased by 29%, and Net Interest Income grew by 6%, reflecting continued momentum across our core businesses.

Reported profitability was lower than in the corresponding period, but the half-year should be viewed in the context of the deliberate decisions we have taken to protect the quality and resilience of the franchise. We strengthened impairment provisioning through model refinements and management overlays, maintained a selective approach to lending, and continued to exercise cost and liquidity discipline. Importantly, the net stage 3 impaired loan ratio improved to 3.61%, even as we strengthened our prudential buffers. As we continue to pursue sustainable growth, we will capitalise on opportunities with confidence and purpose, underpinned by sound risk judgement and disciplined execution.

Strategically, we have also entered a new phase. Following the reporting period, we completed the acquisition of Standard Chartered Bank PLC's Wealth and Retail Banking business in Sri Lanka, effective 1 August 2026. The transaction brings approximately 50,000 customer accounts and around 260 colleagues into DFCC Bank and expands our network to 139 locations. This is more than an acquisition. It is an opportunity to welcome new customers and colleagues, deepen our retail and wealth proposition, and bring the DFCC Bank experience to a broader community with care, consistency, and trust.

Our capital and sustainability agenda also continued to advance. The successful LKR 10 Bn Basel III-compliant GSS+ Bond issuance earlier in the year strengthened our capital position and reinforced investor confidence. Building on this, our pioneering Blue Bond secured supplementary listings on the Luxembourg Stock Exchange's Luxembourg Green Exchange and India INX at GIFT City, and was recognised at the Environmental Finance Sustainable Debt Awards 2026. These milestones demonstrate the role DFCC Bank can play in connecting Sri Lanka with credible, responsible sources of capital.

Customer centricity remains central to how we judge our progress. Recognition at the LankaPay Technovation Awards 2026, with a Gold Award for Financial Inclusivity and a Merit Award for Customer Convenience, reflects our continued focus on making banking simpler and more accessible. Beyond banking, our Ride for Life platform continued to bring our people, customers, and communities together around causes that matter - advancing mental wellbeing through **Ride for Life**, women's empowerment through **Ride for Her**, and biodiversity conservation through **Ride for the Rosette**. Taking place across multiple locations in Sri Lanka, including areas connected to vulnerable leopard corridors, Ride for the Rosette is helping to build greater awareness of the need to protect the Sri Lankan leopard and the ecosystems on which it depends. As our franchise grows, we also remain committed to the culture and people standards recognised through our Great Place to Work certification and our ranking among the AICPA & CIMA Top 20 Employers.

On behalf of DFCC Bank, I remain grateful to our customers, employees, regulators, shareholders, and partners for the trust placed in us. That trust carries a responsibility to grow with discipline, act with transparency, and keep the customer at the centre of our decisions. As we move through the second half of the year, our focus is clear: integrate our expanded franchise well, protect asset quality, strengthen sustainable income streams, and continue building a Bank that is easier to work with while deepening our contribution to Sri Lanka’s progress.

Thimal Perera
Director/Chief Executive Officer

13 August 2026

DFCC Bank PLC
Income Statement

		Bank						Group					
		For the period ended			For the quarter ended			For the period ended			For the quarter ended		
For the six months ended 30 June	Notes	**30.06.2026**	30.06.2025	Change	**30.06.2026**	30.06.2025	Change	**30.06.2026**	30.06.2025	Change	**30.06.2026**	30.06.2025	Change
		LKR 000	LKR 000	%	**LKR 000**	LKR 000	%	**LKR 000**	LKR 000	%	**LKR 000**	LKR 000	%
Gross Income		**53,046,991**	47,216,657	12	**26,631,373**	24,142,367	10	**53,469,173**	47,571,540	12	**26,843,708**	24,296,325	10
Interest income		**44,437,075**	39,361,106	13	**22,369,901**	20,220,261	11	**44,439,154**	39,362,493	13	**22,371,245**	20,220,917	11
Interest expenses		**28,305,184**	24,193,673	17	**14,561,130**	12,462,040	17	**28,268,479**	24,155,366	17	**14,541,741**	12,441,767	17
Net interest income		**16,131,891**	15,167,433	6	**7,808,771**	7,758,221	1	**16,170,675**	15,207,127	6	**7,829,504**	7,779,150	1
Fee and commission income		**5,729,988**	4,245,989	35	**3,004,301**	2,332,396	29	**5,729,731**	4,245,598	35	**3,004,237**	2,332,198	29
Fee and commission expenses		**1,542,894**	996,737	55	**733,327**	517,499	42	**1,542,894**	996,737	55	**733,327**	517,499	42
Net fee and commission income		**4,187,094**	3,249,252	29	**2,270,974**	1,814,897	25	**4,186,837**	3,248,861	29	**2,270,910**	1,814,699	25
Net gains from trading	6	**648,583**	1,040,862	(38)	**1,085,006**	953,713	14	**648,583**	1,040,862	(38)	**1,085,006**	953,713	14
Net gains from derecognition of financial assets													
Fair value through other comprehensive income		**835,237**	1,248,236	(33)	**156,916**	564,366	(72)	**835,237**	1,248,236	(33)	**156,916**	564,366	(72)
Net other operating income	7	**1,396,108**	1,320,464	6	**15,249**	71,631	(79)	**1,816,468**	1,674,351	8	**226,304**	225,131	1
Total operating income		**23,198,913**	22,026,247	5	**11,336,916**	11,162,828	2	**23,657,800**	22,419,437	6	**11,568,640**	11,337,059	2
Impairment charges for loans and other losses		**4,630,200**	3,482,374	33	**1,467,168**	2,127,421	(31)	**4,630,200**	3,482,374	33	**1,467,168**	2,127,421	(31)
Net operating income		**18,568,713**	18,543,873	0	**9,869,748**	9,035,407	9	**19,027,600**	18,937,063	0	**10,101,472**	9,209,638	10
Operating expenses													
Personnel expenses		**4,919,968**	3,431,322	43	**2,560,202**	1,373,940	86	**5,009,209**	3,516,816	42	**2,602,940**	1,416,365	84
Depreciation and amortisation		**875,171**	683,368	28	**453,751**	356,448	27	**903,474**	711,475	27	**469,221**	371,442	26
Other expenses		**5,173,518**	4,210,766	23	**2,676,876**	2,265,947	18	**5,195,196**	4,229,105	23	**2,666,270**	2,264,730	18
Total operating expenses		**10,968,657**	8,325,456	32	**5,690,829**	3,996,335	42	**11,107,879**	8,457,396	31	**5,738,431**	4,052,537	42
Operating profit before taxes on financial services		**7,600,056**	10,218,417	(26)	**4,178,919**	5,039,072	(17)	**7,919,721**	10,479,667	(24)	**4,363,041**	5,157,101	(15)
Taxes on financial services		**2,120,554**	2,308,156	(8)	**1,138,048**	1,090,312	4	**2,120,554**	2,308,156	(8)	**1,138,048**	1,090,312	4
Operating profit after taxes on financial services		**5,479,502**	7,910,261	(31)	**3,040,871**	3,948,760	(23)	**5,799,167**	8,171,511	(29)	**3,224,993**	4,066,789	(21)
Share of profit of associate		-	-	-	-	-	-	**1,767**	576	207	**3,018**	370	716
Profit before income tax		**5,479,502**	7,910,261	(31)	**3,040,871**	3,948,760	(23)	**5,800,934**	8,172,087	(29)	**3,228,011**	4,067,159	(21)
Income tax expense		**1,575,804**	2,354,978	(33)	**852,081**	1,211,018	(30)	**1,661,963**	2,425,441	(31)	**901,091**	1,247,077	(28)
Profit for the period from continuing operations		**3,903,698**	5,555,283	(30)	**2,188,790**	2,737,742	(20)	**4,138,971**	5,746,646	(28)	**2,326,920**	2,820,082	(17)
Discontinued Operation													
Profit for the period from discontinued operations, net of tax		-	4,967,916	(100)	-	-	-	-	116,274	(100)	-	-	-
Profit for the period		**3,903,698**	10,523,199	(63)	**2,188,790**	2,737,742	(20)	**4,138,971**	5,862,920	(29)	**2,326,920**	2,820,082	(17)
Profit attributable to:													
Equity holders of the Bank		**3,903,698**	10,523,199	(63)	**2,188,790**	2,737,742	(20)	**4,049,532**	5,781,830	(30)	**2,280,741**	2,789,482	(18)
Non-controlling interests		-	-	-	-	-	-	**89,439**	81,090	10	**46,179**	30,600	51
Profit for the period		**3,903,698**	10,523,199	(63)	**2,188,790**	2,737,742	(20)	**4,138,971**	5,862,920	(29)	**2,326,920**	2,820,082	(17)
Earnings per share													
Basic/diluted earnings per ordinary share (LKR)		**8.76**	**24.13**	(64)	**4.91**	6.28	(22)	**9.09**	**13.26**	(31)	**5.12**	6.40	(20)
Basic/diluted earnings per ordinary share (LKR) - continuing operations		**8.76**	**12.74**	(31)	**4.91**	6.28	(22)	**9.09**	**12.99**	(30)	**5.12**	6.40	(20)

DFCC Bank PLC
Statement of Profit or Loss and Other Comprehensive Income

	Bank						Group					
	For the period ended			For the quarter ended			For the period ended			For the quarter ended		
For the six months ended 30 June	**30.06.2026 LKR 000**	30.06.2025 LKR 000	Change %	**30.06.2026 LKR 000**	30.06.2025 LKR 000	Change %	**30.06.2026 LKR 000**	30.06.2025 LKR 000	Change %	**30.06.2026 LKR 000**	30.06.2025 LKR 000	Change %
Profit for the period	**3,903,698**	10,523,199	(63)	**2,188,790**	2,737,742	(20)	**4,138,971**	5,862,920	(29)	**2,326,920**	2,820,082	(17)
Other comprehensive income / (expenses) for the period, net of tax												
Items that are or may be reclassified subsequently to income statement												
Movement in fair value reserve (FVOCI debt instrument):												
Net change in fair value	**(2,670,543)**	2,080,093	(228)	**(1,749,235)**	1,461,918	(220)	**(2,670,543)**	2,080,093	(228)	**(1,749,235)**	1,461,918	(220)
Reclassified to income statement	**(835,237)**	(1,248,236)	33	**(156,916)**	(564,366)	72	**(835,237)**	(1,248,236)	33	**(156,916)**	(564,366)	72
Movement in hedging reserve:												
Cash flow hedge - effective portion of changes in fair value	**(70,467)**	(861,613)	92	**157,712**	(519,528)	130	**(70,467)**	(861,613)	92	**157,712**	(519,528)	130
Cash flow hedge - reclassified to income statement	**(138,562)**	613,250	(123)	**(454,250)**	291,375	(256)	**(138,562)**	613,250	(123)	**(454,250)**	291,375	(256)
Related deferred tax	**1,101,760**	(120,649)	1,013	**690,530**	(178,947)	486	**1,101,760**	(120,649)	1,013	**690,530**	(178,947)	486
Total other comprehensive (expenses)/ income that are or may be reclassified subsequently to income statement	**(2,613,049)**	462,845	(665)	**(1,512,159)**	490,452	(408)	**(2,613,049)**	462,845	(665)	**(1,512,159)**	490,452	(408)
Items that will not be reclassified to income statement												
Equity investments at FVOCI - net change in fair value	**1,144,380**	2,847,881	(60)	**756,021**	2,277,755	(67)	**1,144,380**	2,847,881	(60)	**756,021**	2,277,755	(67)
Total other comprehensive income on items that will not be reclassified to income statement	**1,144,380**	2,847,881	(60)	**756,021**	2,277,755	(67)	**1,144,380**	2,847,881	(60)	**756,021**	2,277,755	(67)
Other comprehensive (expenses) / income for the period , net of tax	**(1,468,669)**	3,310,726	(144)	**(756,138)**	2,768,207	(127)	**(1,468,669)**	3,310,726	(144)	**(756,138)**	2,768,207	(127)
Total comprehensive income for the period	**2,435,029**	13,833,925	(82)	**1,432,652**	5,505,949	(74)	**2,670,302**	9,173,646	(71)	**1,570,782**	5,588,289	(72)
Total comprehensive income attributable to:												
Equity holders of the Bank	**2,435,029**	13,833,925	(82)	**1,432,652**	5,505,949	(74)	**2,580,863**	9,092,556	(72)	**1,524,603**	5,557,689	(73)
Non-controlling interests	**-**	-		**-**	-		**89,439**	81,090	10	**46,179**	30,600	51
Total comprehensive income for the period	**2,435,029**	13,833,925	(82)	**1,432,652**	5,505,949	(74)	**2,670,302**	9,173,646	(71)	**1,570,782**	5,588,289	(72)

DFCC Bank PLC

Statement of Financial Position

As at	Notes	Bank 30.06.2026 LKR 000	Bank 31.12.2025 (Audited) LKR 000	Bank Change %	Group 30.06.2026 LKR 000	Group 31.12.2025 (Audited) LKR 000	Group Change %
Assets							
Cash and cash equivalents		**20,606,492**	22,771,091	(10)	**20,648,651**	22,804,954	(9)
Balances with Central Bank of Sri Lanka		**6,663,622**	2,952,879	126	**6,663,622**	2,952,879	126
Placements with banks		**17,061,746**	37,442,912	(54)	**17,061,746**	37,442,912	(54)
Derivative financial assets		**11,422,263**	8,494,001	34	**11,422,263**	8,494,001	34
Financial assets measured at fair value through profit or loss		**7,097,928**	9,015,005	(21)	**7,097,928**	9,015,005	(21)
Financial assets at amortised cost - Loans and advances to banks		**10,002,541**	-	100	**10,002,541**	-	100
Financial assets at amortised cost - Loans and advances to customers	8	**558,534,260**	510,924,245	9	**558,534,260**	510,924,245	9
Financial assets measured at fair value through other comprehensive income- Loans and advances to customers	9	**5,033,586**	4,619,866	9	**5,033,586**	4,619,866	9
Financial assets at amortised cost - Debt and other instruments		**120,468,178**	114,795,690	5	**120,475,638**	114,804,987	5
Financial assets measured at fair value through other comprehensive income		**131,010,933**	124,552,817	5	**131,010,932**	124,552,817	5
Investments in subsidiaries		**237,035**	237,035	-	-	-	-
Investment in associate		**33,169**	33,169	-	**43,643**	41,876	4
Investment properties		**9,879**	9,879	-	**665,318**	598,166	11
Property, plant and equipment		**4,804,797**	4,508,724	7	**5,206,275**	4,777,359	9
Intangible assets and goodwill		**2,530,756**	2,608,324	(3)	**2,707,950**	2,785,560	(3)
Deferred tax assets		**7,953,210**	5,731,675	39	**7,958,256**	5,745,154	39
Current tax assets		-	-	-	-	1,138	(100)
Other assets		**15,952,883**	8,449,154	89	**16,357,876**	8,678,825	88
Total assets		**919,423,278**	857,146,466	7	**920,890,485**	858,239,744	7
Liabilities							
Due to banks		**7,658,746**	12,372,311	(38)	**7,658,746**	12,372,311	(38)
Derivative financial liabilities		**756,444**	201,000	276	**756,444**	201,000	276
Financial liabilities at amortised cost - Due to depositors	11	**631,992,560**	564,758,931	12	**630,908,446**	563,905,482	12
Financial liabilities at amortised cost - Due to other borrowers		**118,028,705**	134,354,757	(12)	**117,997,643**	134,363,917	(12)
Debt securities issued		**10,309,741**	12,286,859	(16)	**10,309,741**	12,286,859	(16)
Retirement benefit obligations		**1,294,863**	1,182,185	10	**1,309,026**	1,220,570	7
Current tax liabilities		**3,353,152**	2,669,112	26	**3,458,411**	2,757,706	25
Deferred tax liability		-	-	-	**53,839**	54,628	(1)
Other liabilities and provisions		**18,399,071**	12,545,239	47	**19,290,504**	13,018,783	48
Subordinated term debt		**19,128,192**	9,363,299	104	**19,128,192**	9,363,299	104
Total liabilities		**810,921,474**	749,733,693	8	**810,870,992**	749,544,555	8
Equity							
Stated capital		**17,388,007**	15,445,973	13	**17,388,007**	15,445,973	13
Statutory reserve fund		**4,459,968**	4,459,968	-	**4,459,968**	4,459,968	-
Retained earnings		**50,950,916**	50,291,230	1	**52,966,451**	52,160,931	2
Other reserves		**35,702,913**	37,215,602	(4)	**34,538,141**	36,050,830	(4)
Total equity attributable to equity holders of the Bank		**108,501,804**	107,412,773	1	**109,352,567**	108,117,702	1
Non-controlling interests		-	-		**666,926**	577,487	15
Total equity		**108,501,804**	107,412,773	1	**110,019,493**	108,695,189	1
Total equity and liabilities		**919,423,278**	857,146,466	7	**920,890,485**	858,239,744	7
Contingent liabilities and commitments	10	**310,713,207**	262,236,519	18	**310,713,207**	262,236,519	18
Net assets value per share (LKR)		**240.73**	245.01	(2)	**242.62**	246.62	(2)

	Bank 30.06.2026	Bank 31.12.2025	Group 30.06.2026	Group 31.12.2025
Memorandum Information				
Number of Employees	**2,638**	2,500	**2,742**	2,578
Number of Branches (Including Service centres)	**133**	133		

Statement of Changes in Equity

		Statutory reserve fund	Other reserves				
	Stated capital LKR 000	Reserve fund LKR 000	Fair value reserve LKR 000	Hedging reserve LKR 000	General reserve LKR 000	Retained earnings LKR 000	Total equity LKR 000
Bank							
Balance as at 01 January 2025	**14,710,454**	**3,657,968**	**15,385,597**	**664,409**	**13,779,839**	**35,834,730**	**84,032,997**
Profit for the period	-	-	-	-	-	10,523,199	10,523,199
Other comprehensive income/ (expenses) , net of tax	-	-	3,484,580	(173,854)	-	-	3,310,726
Total comprehensive income/ (expenses) for the period	**-**	**-**	**3,484,580**	**(173,854)**	**-**	**10,523,199**	**13,833,925**
Transfer of net gains on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	(292,637)	-	-	292,637	-
Transactions with equity holders of the Bank, recognised directly in equity							
Final dividend for 2024 – Scrip	735,519	-	-	-	-	(735,519)	-
Final dividend for 2024 – Cash	-	-	-	-	-	(1,860,429)	(1,860,429)
Total contributions from and distribution to equity holders	**735,519**	**-**	**-**	**-**	**-**	**(2,595,948)**	**(1,860,429)**
Balance as at 30 June 2025	**15,445,973**	**3,657,968**	**18,577,540**	**490,555**	**13,779,839**	**44,054,618**	**96,006,493**
Balance as at 01 January 2026	**15,445,973**	**4,459,968**	**23,149,281**	**286,482**	**13,779,839**	**50,291,230**	**107,412,773**
Profit for the period	-	-	-	-	-	3,903,698	3,903,698
Other comprehensive expenses , net of tax	-	-	(1,322,348)	(146,321)	-	-	(1,468,669)
Total comprehensive (expenses)/ income for the period	**-**	**-**	**(1,322,348)**	**(146,321)**	**-**	**3,903,698**	**2,435,029**
Transfer of net gains on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	(44,020)	-	-	44,020	-
Transactions with equity holders of the Bank, recognised directly in equity							
Final dividend for 2025 – Scrip	1,942,034	-	-	-	-	(1,942,034)	-
Final dividend for 2025 – Cash						(1,345,998)	(1,345,998)
Total contributions from and distribution to equity holders	**1,942,034**	**-**	**-**	**-**	**-**	**(3,288,032)**	**(1,345,998)**
Balance as at 30 June 2026	**17,388,007**	**4,459,968**	**21,782,913**	**140,161**	**13,779,839**	**50,950,916**	**108,501,804**

Statement of Changes in Equity

	Attributable to the equity holders of the Bank									
		Statutory reserve fund	Other reserves							
	Stated Capital	Reserve fund	Fair value reserve	Exchange equalization reserve	Hedging reserve	General reserve	Retained earnings	Total	Non- controlling interests	Total equity
	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000
Group										
Balance as at 01 January 2025	**14,710,454**	**3,657,968**	**13,954,598**	**294,630**	**334,526**	**13,779,839**	**42,668,104**	**89,400,119**	**446,431**	**89,846,550**
Profit for the period	-	-	-	-	-	-	5,781,830	5,781,830	81,090	5,862,920
Other comprehensive income / (expenses) , net of tax	-	-	3,484,580	-	(173,854)	-	-	3,310,726	-	3,310,726
Total comprehensive income / (expenses) for the period	**-**	**-**	**3,484,580**	**-**	**(173,854)**	**-**	**5,781,830**	**9,092,556**	**81,090**	**9,173,646**
Transfers	-	-	25,294	(294,630)	329,883	-	(60,547)	-	-	-
Transfer of net gains on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	(292,637)	-	-	-	292,637	-	-	-
Transactions with equity holders of the Bank, recognized directly in equity										
Change in holding through joint venture	-	-	-	-	-	-	-	-	70,654	70,654
Final dividend for 2024 – Scrip	735,519	-	-	-	-	-	(735,519)	-	-	-
Final dividend for 2024 – Cash	-	-	-	-	-	-	(1,860,429)	(1,860,429)	-	(1,860,429)
Total contributions from and distribution to equity holders	**735,519**	**-**	**-**	**-**	**-**	**-**	**(2,595,948)**	**(1,860,429)**	**70,654**	**(1,789,775)**
Balance as at 30 June 2025	**15,445,973**	**3,657,968**	**17,171,835**	**-**	**490,555**	**13,779,839**	**46,086,076**	**96,632,246**	**598,175**	**97,230,421**
Balance at 01 January 2026	**15,445,973**	**4,459,968**	**21,984,509**	**-**	**286,482**	**13,779,839**	**52,160,931**	**108,117,702**	**577,487**	**108,695,189**
Profit for the period	-	-	-	-	-	-	4,049,532	4,049,532	89,439	4,138,971
Other comprehensive expenses , net of tax	-	-	(1,322,348)	-	(146,321)	-	-	(1,468,669)	-	(1,468,669)
Total comprehensive (expenses)/ income for the period	**-**	**-**	**(1,322,348)**	**-**	**(146,321)**	**-**	**4,049,532**	**2,580,863**	**89,439**	**2,670,302**
Transfer of net gains on disposal of equity investments at fair value through other comprehensive income to retained earnings	-	-	(44,020)	-	-	-	44,020	-	-	-
Transactions with equity holders of the Bank, recognized directly in equity										
Final dividend for 2025 – Scrip	1,942,034	-	-	-	-	-	(1,942,034)	-	-	-
Final dividend for 2025 – Cash	-	-	-	-	-	-	(1,345,998)	(1,345,998)	-	(1,345,998)
Total contributions from and distribution to equity holders	**1,942,034**	**-**	**-**	**-**	**-**	**-**	**(3,288,032)**	**(1,345,998)**	**-**	**(1,345,998)**
Balance as at 30 June 2026	**17,388,007**	**4,459,968**	**20,618,141**	**-**	**140,161**	**13,779,839**	**52,966,451**	**109,352,567**	**666,926**	**110,019,493**

Statement of Cash Flows

For the period ended 30th June	BANK		GROUP	
	2026	2025	**2026**	2025
	LKR 000	LKR 000	**LKR 000**	LKR 000
Cash flows from operating activities				
Interest receipts	**44,365,560**	38,502,585	**44,400,597**	38,545,172
Interest payments	**(24,843,765)**	(22,920,994)	**(24,843,664)**	(22,955,285)
Net commission receipts	**4,270,807**	4,164,475	**4,270,807**	4,164,475
Net trading income	**249,192**	467,881	**249,192**	467,881
Receipts from other operating activities	**232,727**	147,092	**649,043**	543,552
Payments on other operating activities	**(6,594,050)**	(6,639,574)	**(6,594,245)**	(6,506,245)
Cash payments to employees	**(4,642,129)**	(3,255,803)	**(4,773,125)**	(3,647,212)
Taxes on financial services	**(1,965,165)**	(2,626,533)	**(1,965,165)**	(2,626,533)
Operating Cash flows before changes in operating assets and liabilities	**11,073,177**	7,839,129	**11,393,440**	7,985,805
(Increase)/ decrease in operating assets:				
Balances with Central Bank / deposits held for regulatory or monetary control purposes	**(3,710,743)**	(1,182,690)	**(3,710,743)**	(1,182,690)
Financial assets at amortised cost - Loans and advances to customers	**(61,848,922)**	(74,641,537)	**(61,848,922)**	(74,641,537)
Others	**(3,909,511)**	5,237,346	**(4,048,483)**	5,375,383
Increase / (Decrease) in operating liabilities:				
Financial liabilities at amortised cost - Due to depositors	**62,876,320**	58,853,502	**62,876,257**	58,629,853
Others	**(873,858)**	862,215	**(881,672)**	930,028
Net cash flows from operating activities before income tax	**3,606,463**	(3,032,035)	**3,779,877**	(2,903,158)
Income tax paid	**(2,000,000)**	(3,106,257)	**(2,027,692)**	(3,153,478)
Net cash flows from / (used in) operating activities	**1,606,463**	(6,138,292)	**1,752,185**	(6,056,636)
Cash flows from investing activities				
Dividend received from other investments	**1,030,840**	1,255,875	**1,030,840**	1,255,875
Government Securities- net	**(8,986,307)**	6,486,534	**(8,986,307)**	6,486,534
Proceeds from sale and redemption of securities	**5,362,068**	3,577,676	**5,362,068**	3,577,676
Purchase of financial investments	**(4,844,668)**	(8,914,870)	**(4,844,668)**	(8,914,870)
Purchase of property ,equipment ,intangibles and investment property	**(970,530)**	(1,304,886)	**(1,191,956)**	(1,391,790)
Proceeds from sale of equipments, disposal of joint venture	-	6,500,000	-	6,500,000
Proceeds from sale of equipments, investment properties and others	**8,783**	-	**8,783**	-
Net cash flows (used in) / from investing activities	**(8,399,814)**	7,600,329	**(8,621,240)**	7,513,425
Cash flows from financing activities				
Redemption of debentures	**(1,784,070)**	(9,086,530)	**(1,784,070)**	(9,086,530)
Issue of debentures	**10,000,000**	-	**10,000,000**	-
Borrowing , medium and long - term	**3,221,507**	11,526,310	**3,221,507**	11,526,310
Other short term borrowings - net	**(18,174,310)**	17,925,595	**(18,090,310)**	17,925,595
Repayment of borrowing ,medium and long - term	**(7,669,543)**	(14,085,824)	**(7,669,543)**	(14,085,824)
Dividends paid	**(1,345,998)**	(1,730,632)	**(1,345,998)**	(1,730,632)
Net Cash flows (used in) / from financing activities	**(15,752,414)**	4,548,919	**(15,668,414)**	4,548,919
Net (decrease) / increase in cash and cash equivalents	**(22,545,765)**	6,010,956	**(22,537,469)**	6,005,708
Cash and cash equivalents at the beginning of the period	**60,214,003**	24,734,298	**60,247,866**	24,752,967
Cash and cash equivalents at the end of the period	**37,668,238**	30,745,254	**37,710,397**	30,758,675
Reconciliation of cash and cash equivalents with items reported in the statement of financial position				
Cash and cash equivalents	**20,606,492**	16,058,243	**20,648,651**	16,071,664
Placements with banks	**17,061,746**	14,687,011	**17,061,746**	14,687,011
	37,668,238	30,745,254	**37,710,397**	30,758,675

Explanatory Notes

Note 1. Statement of Compliance

The consolidated financial statements of the Group and the separate financial statements of the Bank have been presented in accordance with the Sri Lanka Accounting Standards 34 (LKAS 34) "Interim Financial Statements" issued by The Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) and in compliance with the requirements of the Companies Act, No. 07 of 2007 and the Banking Act No. 30 of 1988 and amendments thereto.

Note 2. Accounting Policies and Accounting Estimates

There were no changes to the accounting policies and method of computation since the publication of the last annual financial statements.

Note 3. Group Financial Statements

The Group Financial Statements comprise the Bank and its subsidiaries DFCC Consulting (Pvt) Limited, Lanka Industrial Estates Limited and Synapsys Limited and group interest in associate company National Asset Management Limited. Investments in Subsidiaries and associate companies are accounted under cost method in Bank's financial statements. Investment in associate is accounted under equity method in group's financial statements.

Note 4. Quarterly Update on Sustainability-related Financial Disclosures

With effect from January 01, 2025, the Bank adopted the SLFRS Sustainability Disclosure Standards, comprising SLFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and SLFRS S2 Climate-related Disclosures.

The Bank's initial Sustainability-related Financial Disclosures included in the Annual Report 2025 were made in accordance with the transition reliefs permitted under SLFRS S1 and SLFRS S2 for first-year adoption, while Climate-related Risks and Opportunities (CRROs) were disclosed in compliance with the requirements of SLFRS S2.

As part of the ongoing review process, the management reassessed the CRROs disclosed in the Annual Report 2025. Based on this reassessment, it was concluded that there are no material changes to the climate-related financial disclosures for the period ended June 30, 2026, compared to those reported for the year ended December 31, 2025, in the Annual Report 2025.

Note 5. Expected Credit Loss calculation

In response to the current and potential future impacts of global and domestic economic conditions on the Bank's lending portfolio, management strengthened impairment provisioning during the period. This was underpinned by enhancements to internal expected credit loss models designed to better capture risk factors not fully observable in the prevailing volatile geopolitical and economic environment, including the application of management overlays to recognize additional provisions for exposures to higher-risk sectors and customer segments.

Note 6. Net gains from trading

For the period ended 30 June	Bank		Group	
	2026	2025	**2026**	2025
	LKR 000	LKR 000	**LKR 000**	LKR 000
Derivative Financial Instruments				
Forward exchange fair value changes from banks and other customers	**1,731,720**	1,285,824	**1,731,720**	1,285,824
Gains on financial assets fair value through profit or loss - equity securities	**39,173**	93,989	**39,173**	93,989
Foreign exchange from Banks and Other Customers	**(1,040,752)**	(1,169,333)	**(1,040,752)**	(1,169,333)
Financial assets recognized through profit or loss - measured at fair value				
Government securities				
- Net marked to market gains	**23,324**	29,139	**23,324**	29,139
- Net capital (losses)/ gains	**(129,438)**	102,794	**(129,438)**	102,794
Equities				
- Net marked to market (losses)/gains	**(447,101)**	230,543	**(447,101)**	230,543
- Net capital gains	**378,630**	365,087	**378,630**	365,087
- Dividend income	**93,027**	102,819	**93,027**	102,819
	648,583	1,040,862	**648,583**	1,040,862

Note 7. Net Other Operating Income

For the period ended 30 June	Bank		Group	
	2026	2025	**2026**	2025
	LKR 000	LKR 000	**LKR 000**	LKR 000
Financial assets measured at fair value through other comprehensive income				
Dividend income	**1,353,523**	1,255,875	**1,353,523**	1,255,875
Premises rental income	**-**	-	**281,455**	250,390
Net losses on sale of property, plant and equipment	**(3,264)**	(2,446)	**(3,264)**	(2,446)
Foreign exchange (losses)/ gains	**(37,842)**	13,932	**(28,488)**	18,355
Recovery of loans written-off	**54,607**	29,243	**54,607**	29,442
Others	**29,084**	23,860	**158,635**	122,735
	1,396,108	1,320,464	**1,816,468**	1,674,351

Note 8. Financial assets at amortised cost - Loans and advances to customers

As at	Bank 30.06.2026 LKR 000	Bank 31.12.2025 (Audited) LKR 000	Group 30.06.2026 LKR 000	Group 31.12.2025 (Audited) LKR 000
Gross loans and advances to customers (Note 8.1)	**610,785,191**	558,990,709	**610,785,191**	558,990,709
Less: Allowance for impairment (Note 8.2)	**(52,250,931)**	(48,066,464)	**(52,250,931)**	(48,066,464)
Net loans and advances to customers	**558,534,260**	510,924,245	**558,534,260**	510,924,245

Note 8.1 Gross loans and advances to customers - By product

As at	Bank 30.06.2026 LKR 000	Bank 31.12.2025 (Audited) LKR 000	Group 30.06.2026 LKR 000	Group 31.12.2025 (Audited) LKR 000
By product-Domestic Currency				
Overdrafts	**69,145,789**	63,842,754	**69,145,789**	63,842,754
Trade finance	**67,681,191**	68,498,285	**67,681,191**	68,498,285
Credit cards	**11,396,004**	9,929,497	**11,396,004**	9,929,497
Pawning and Gold Loan	**35,615,813**	27,152,004	**35,615,813**	27,152,004
Staff loans	**5,107,660**	4,223,112	**5,107,660**	4,223,112
Term loans	**270,061,550**	252,817,466	**270,061,550**	252,817,466
Lease rentals receivable	**37,713,103**	35,710,221	**37,713,103**	35,710,221
Housing loans	**22,983,944**	20,574,966	**22,983,944**	20,574,966
Securities purchased under resale agreements	**1,196,408**	155,038	**1,196,408**	155,038
	520,901,462	482,903,343	**520,901,462**	482,903,343
By product-Foreign Currency				
Overdrafts	**3,032,284**	2,723,660	**3,032,284**	2,723,660
Trade finance	**34,513,557**	26,509,890	**34,513,557**	26,509,890
Term loans	**52,337,888**	46,853,816	**52,337,888**	46,853,816
	89,883,729	76,087,366	**89,883,729**	76,087,366
Gross loans and advances to customers	**610,785,191**	558,990,709	**610,785,191**	558,990,709

Note 8.2 Movement in Impairment during the period

	Bank 30.06.2026 LKR 000	Bank 31.12.2025 (Audited) LKR 000	Group 30.06.2026 LKR 000	Group 31.12.2025 (Audited) LKR 000
Stage 1				
Balance at beginning	**3,835,956**	3,412,778	**3,835,956**	3,412,778
(Reversal)/ charge to income statement	**(154,510)**	423,178	**(154,510)**	423,178
Balance at end	**3,681,446**	3,835,956	**3,681,446**	3,835,956
Stage 2				
Balance at beginning	**3,572,259**	5,930,684	**3,572,259**	5,930,684
Charge/ (reversal) to income statement	**425,779**	(2,358,425)	**425,779**	(2,358,425)
Balance at end	**3,998,038**	3,572,259	**3,998,038**	3,572,259
Stage 3				
Balance at beginning	**40,658,249**	36,516,429	**40,658,249**	36,516,429
Charge to income statement	**3,972,752**	6,726,680	**3,972,752**	6,726,680
Other movements	**(59,554)**	(2,584,860)	**(59,554)**	(2,584,860)
Balance at end	**44,571,447**	40,658,249	**44,571,447**	40,658,249
Total Impairment	**52,250,931**	48,066,464	**52,250,931**	48,066,464

Note 9. Financial assets measured at fair value through other comprehensive income- Loans and advances to customers

As at	Bank 30.06.2026 LKR 000	Bank 31.12.2025 (Audited) LKR 000	Group 30.06.2026 LKR 000	Group 31.12.2025 (Audited) LKR 000
Gross loans and advances to customers (Note 9.1)	**5,018,341**	4,605,823	**5,018,341**	4,605,823
Fair value adjustment including impairment	**15,245**	14,043	**15,245**	14,043
	5,033,586	4,619,866	**5,033,586**	4,619,866

Note 9.1 Gross loans and advances to customers - By product

As at	Bank 30.06.2026 LKR 000	Bank 31.12.2025 (Audited) LKR 000	Group 30.06.2026 LKR 000	Group 31.12.2025 (Audited) LKR 000
By product-Foreign Currency				
Term loans	**5,018,341**	4,605,823	**5,018,341**	4,605,823
Gross loans and advances to customers	**5,018,341**	4,605,823	**5,018,341**	4,605,823

Note 10 . Analysis of Commitments and Contingencies and Impairment

	As at	Bank		Group	
		30.06.2026	31.12.2025 (Audited)	**30.06.2026**	31.12.2025 (Audited)
		LKR 000	LKR 000	**LKR 000**	LKR 000
10.1	Gross commitment and contingencies	310,713,207	262,236,519	310,713,207	262,236,519
	Accumulated impairment under stage 1	923,321	729,016	923,321	729,016
	Accumulated impairment under stage 2	84,726	85,320	84,726	85,320
	Accumulated impairment under stage 3	674,202	486,086	674,202	486,086
	Net commitments and contingencies	**309,030,958**	**260,936,097**	**309,030,958**	**260,936,097**
10.2	**Product-wise commitments and contingencies**				
	Domestic currency				
	Credit related commitments and contingencies				
	Undrawn -Credit facilities	132,703,467	103,815,220	132,703,467	103,815,220
	Acceptances	445,895	67,255	445,895	67,255
	Documentary Letter of credit	129,179	883,355	129,179	883,355
	Guarantees and other Commitments	28,036,041	23,587,426	28,036,041	23,587,426
		161,314,582	**128,353,256**	**161,314,582**	**128,353,256**
	Other commitments and contingencies				
	Capital commitments	406,105	9,568	406,105	9,568
	Bid Bonds	1,773,340	30,808	1,773,340	30,808
		2,179,445	**40,376**	**2,179,445**	**40,376**
	Sub total	**163,494,027**	**128,393,632**	**163,494,027**	**128,393,632**
	Foreign currency				
	Credit related commitments and contingencies				
	Undrawn - Credit facilities	15,659,630	17,331,607	15,659,630	17,331,607
	Acceptances	15,681,492	13,296,462	15,681,492	13,296,462
	Documentary Letter of credit	40,620,512	24,671,112	40,620,512	24,671,112
	Guarantees and other Commitments	7,879,077	6,248,828	7,879,077	6,248,828
		79,840,711	**61,548,009**	**79,840,711**	**61,548,009**
	Other commitments and contingencies				
	Forward exchange contracts	67,241,323	69,229,821	67,241,323	69,229,821
	Capital commitments	137,146	831,313	137,146	831,313
	Bid Bonds	-	2,233,744	-	2,233,744
		67,378,469	**72,294,878**	**67,378,469**	**72,294,878**
	Sub total	**147,219,180**	**133,842,887**	**147,219,180**	**133,842,887**
	Total gross commitments and contingencies	**310,713,207**	**262,236,519**	**310,713,207**	**262,236,519**

	Bank	**Stage 01**	**Stage 02**	**Stage 03**	**Total**
10.3		**LKR 000**	LKR 000	**LKR 000**	LKR 000
	Balance as at 1st January 2026	729,016	85,320	486,086	1,300,422
	Net charge to profit or loss	194,305	(594)	188,116	381,827
	Balance as at 30 June 2026	**923,321**	**84,726**	**674,202**	**1,682,249**

Group	**Stage 01**	**Stage 02**	**Stage 03**	**Total**
	LKR 000	LKR 000	**LKR 000**	LKR 000
Balance as at 1st January 2026	729,016	85,320	486,086	1,300,422
Net charge to profit or loss	194,305	(594)	188,116	381,827
Balance as at 30 June 2026	**923,321**	**84,726**	**674,202**	**1,682,249**

Note 11. Financial liabilities at amortized cost - Due to depositors

As at	Bank 30.06.2026 LKR 000	Bank 31.12.2025 (Audited) LKR 000	Group 30.06.2026 LKR 000	Group 31.12.2025 (Audited) LKR 000
By product-Domestic Currency				
Demand deposits (current accounts)	**20,180,574**	18,627,881	**20,180,929**	18,628,202
Savings deposits	**90,172,275**	80,519,431	**90,146,165**	80,460,726
Fixed deposits	**371,082,262**	324,846,244	**370,042,860**	324,089,942
Other deposits	**1,486,051**	1,501,962	**1,486,051**	1,501,962
	482,921,162	425,495,518	**481,856,005**	424,680,832
By product- Foreign Currency				
Demand deposits (current accounts)	**2,172,390**	2,263,055	**2,172,390**	2,263,055
Savings deposits	**43,896,627**	35,295,441	**43,877,670**	35,256,678
Fixed deposits	**103,002,277**	101,625,995	**103,002,277**	101,625,995
Other deposits	**104**	78,922	**104**	78,922
	149,071,398	139,263,413	**149,052,441**	139,224,650
Total	**631,992,560**	564,758,931	**630,908,446**	563,905,482

Note 12. Reclassification of Financial Instruments

Reclassification of Financial Instruments considering the unprecedented changes in the macro-economic conditions, the Institute of Chartered Accountants of Sri Lanka (CA Sri Lanka) has decided to issue the “Statement of Alternative Treatment (SoAT) on Reclassification of Debt Portfolio”. This SoAT will provide a temporary practical expedient to permit the entities to reclassify the debt portfolio measured at Fair Value through Other Comprehensive Income (FVTOCI) to amortised cost.

The Bank used this option to reclassify long term debt instruments subsequent to the initial recognition.The fair value of the debt portfolio reclassified during year 2022 and remaining as at 30 June 2026 amounted to LKR 3.78 Bn. and cumulative fair value gain thereon amounted to LKR 0.02 Bn. (net of tax LKR 0.01 Bn.).

Note 13. Events after the reporting period

There were no material events that took place after the reporting date which require adjustment to or disclosure in the Financial Statements other than below;

13.1 Acquisition of the Wealth and Retail Banking Business of Standard Chartered Bank of Sri Lanka Branch

On 1 August 2026, the Group acquired the the wealth and retail banking business of Standard Chartered Bank of sri lanka branch (the “Acquired Portfolio”), for a total cash consideration of LKR 4.4 Bn (inclusive of taxes). Amongst the assets acquired and liabilities assumed, gross carrying (book) values transferred from seller pertaining to loans and advances to customers amounted to LKR 23 Bn and financial liabilities due to depositors amounted to LKR 42 Bn and the net liability in cash.

The acquisition occurred after the reporting date but before the authorisation of the interim financial statements for issue on 13 August 2026. This transaction is considered a non-adjusting event after the reporting period and has therefore not been recognised in the interim statement of financial position as at 30 June 2026. Given the materiality of the transaction, the key details of the acquisition are disclosed below.

SLFRS 3 – Business Combinations Disclosure

(a) Nature of the Acquisition

The acquired business primarily comprises loan portfolio including credit cards, deposits and organised workforce which together constitute a ‘Business’ as defined under SLFRS 3. Accordingly, the transaction represents a business combination accounted for under ‘SLFRS 3 – Business Combinations’. Control of the Acquired Portfolio transferred to the Group on 1 August 2026, which is considered the acquisition date for accounting purposes.

(b) Preliminary Purchase Price Allocation

As at the date of authorisation of these interim financial statements, the initial accounting for the business combination has not been finalised and the Group is in the process of completing the required acquisition accounting procedures in line with SLFRS 3, including the fair value of assessment of loans and advances, identification and valuation of intangible assets and determination of any goodwill or any gain on bargain purchase arising from the acquisition. The accounting procedures will be completed within the stipulated period.

(c) Assets Acquired and Liabilities Assumed

The identifiable assets and liabilities of the Acquired Portfolio are expected to principally comprise of loans and advances to customers, deposits and related liabilities, intangible assets and other operating assets and liabilities. Detailed quantitative disclosures will be provided once the purchase price allocation exercise is completed.

(d) Consideration Transferred

The total consideration transferred by the Group includes Cash consideration of LKR 4.4 Bn inclusive of taxes.

Note 14. Disclosures under Listing Rules

14.1 Comparative figures have been re-classified where necessary, to conform to the current period presentation.
During the period, there were no material changes in the composition of assets, liabilities and contingent liabilities. All known expenditure items have been provided for.

There is no management fees or similar expenditure provided for in the Financial Statements.

14.2 Stated capital

As at	Number of shares 30.06.2026	Number of shares 31.12.2025
Number of shares of the Bank	**450,715,084**	438,404,250

14.3 Market price of a share

Information on shares of the Bank for the quarter ended	30.06.2026	31.12.2025
- Highest price LKR	**148.50**	175.00
- Lowest price LKR	**125.00**	137.00
- Market price LKR	**133.25**	148.00

14.4 Twenty Major Shareholders as at 30.06.2026

	Name of Shareholder/Company	Shareholding	%
1	Hatton National Bank PLC A/C No 1	56,217,170	12.47
2	Bank of Ceylon-No2 A/C (BOC PTF)	47,150,696	10.46
3	Seylan Bank PLC / Phantom Investments (Pvt) Ltd	45,029,948	9.99
4	Mr. M.A.Yaseen	40,047,763	8.88
5	Sri Lanka Insurance Corporation Ltd-Life Fund	34,181,983	7.58
6	Commercial Bank of Ceylon PLC/Ambeon Holdings PLC	27,758,187	6.15
7	Melstacorp PLC	27,744,561	6.15
8	Seafeld International Limited	21,960,020	4.87
9	Renuka City Hotels PLC	9,125,939	2.02
10	Ambeon Holdings PLC	5,438,564	1.20
11	Renuka Hotels PLC	5,048,939	1.12
12	Metrocorp (Pvt) Ltd	4,999,156	1.10
13	Employees Trust Fund Board	4,549,907	1.00
14	Hatton National Bank PLC/ Colombo City Holdings PLC	4,215,132	0.93
15	Cargo Boat Development Company PLC	3,413,953	0.75
16	Sampath Bank PLC/Ambeon Holdings PLC	3,084,243	0.68
17	Seylan Bank PLC /Ambeon Holdings PLC (Margin Trading)	3,069,228	0.68
18	Akbar Brothers Pvt Ltd	2,743,725	0.60
19	Sri Lanka Insurance Corporation Ltd- General Fund	2,669,572	0.59
20	Stassen Exports (Pvt) Limited	2,351,075	0.52

14.5 Public Holdings as at 30.06.2026

Public holdings percentage	77.04%
Number of Public shareholders	19,583
Float adjusted market capitalisation	LKR 46,268 million
Applicable option as per CSE Listing Rule 7.13.1 (i) (a)	Option 1

14.6 Directors' Interests in Shares

	No of Shares As at 30.06.2026
J Durairatnam	Nil
Ms L K A H Fernando	Nil
N K G K Nemmawatta	Nil
N H T I Perera	27,573
Ms A L Thambiayah	Nil
N Vasantha Kumar	Nil
H A J de Silva Wijeyeratne	13,783
P A Jayatunga	Nil
I A Wickramasinghe	Nil
Ms A K Moonesinghe	Nil
S J M Marcelline	Nil

Certification

I certify that these financial statements comply with the requirements of the Companies Act No. 07 of 2007.

Chinthika Amarasekera
Chief Financial Officer

We, the undersigned, being the Chairman, the Chief Executive Officer of DFCC Bank PLC certify that:

(a) the above statements have been prepared in compliance with the format and definitions prescribed by the Central Bank of Sri Lanka.

(b) the information contained in these statements have been extracted from the unaudited financial statements of the Bank and the Group unless indicated as audited.

J. Durairatnam
Chairman

Thimal Perera
Director / Chief Executive Officer

13-Aug-26

Listed Debentures

Debenture Category	Interest rate Frequency	Effective Rate %	Coupon Rate %	Interest rate of Comparative Government Securities (Gross) p.a. %	Balance as at 30.06.2026 LKR 000	Market price LKR Highest	Market price LKR Lowest	Market price LKR Last Traded	Yield Last Traded %	Last Traded Date
Fixed Rate										
2019/2029	Annually	13.90	13.90	10.30	4,556,953	N/T	N/T	N/T	N/T	N/T
2020/2027	Annually	9.25	9.25	9.58	217,703	N/T	N/T	N/T	N/T	N/T
2024/2027	Annually	12.00	12.00	9.68	2,730,794	N/T	N/T	N/T	N/T	N/T
2024/2029	Annually	15.25	15.25	10.27	8,464,027	108.83	108.48	108.48	11.26	1-Jun-26
2024/2031	Annually	14.75	14.75	10.99	58,239	N/T	N/T	N/T	N/T	N/T
2025/2028	Annually	9.75	9.75	10.28	139,211	N/T	N/T	N/T	N/T	N/T
2025/2028	Zero Coupon Bond	*9.75	-	10.28	22,118	N/T	N/T	N/T	N/T	N/T
2025/2029	Annually	10.25	10.25	10.56	891,900	N/T	N/T	N/T	N/T	N/T
2025/2029	Zero Coupon Bond	*10.25	-	10.56	193,393	N/T	N/T	N/T	N/T	N/T
2025/2030	Annually	10.50	10.50	10.92	1,687,465	N/T	N/T	N/T	N/T	N/T
2025/2030	Zero Coupon Bond	*10.50	-	10.92	87,907	N/T	N/T	N/T	N/T	N/T
2026/2031	Annually	11.50	11.50	10.99	9,943,921	N/T	N/T	N/T	N/T	N/T
2026/2033	Annually	11.75	11.75	11.40	198,190	N/T	N/T	N/T	N/T	N/T
2026/2036	Annually	12.00	12.00	11.76	246,112	N/T	N/T	N/T	N/T	N/T

N/T -Not traded

*Annual Compounding on the Issue Price Payable on the Date of Redemption

Disclosures regarding the utilization of funds as per the objectives stated in the Blue Bond Issue Prospectus

Objective as per Prospectus	Amount allocated as per Prospectus	Proposed Date of allocation as per Prospectus	Amount allocated from Proceeds (A)	% of Total Proceeds	Amount utilized as at 30.06.2026 (B)	% of utilization against allocation (B/A)	Clarification if not fully utilized including where the funds are invested (eg:Whether lent to related party/s etc.)
Promoting a sustainable blue economy	LKR 3,000 Mn	Within 18 months upon allotment of the Bonds	LKR 3,000 Mn	100.0%	LKR 1,169 Mn	39.0%	Invested in Government Securities

** Date of allotment of Blue Bonds - 21.11.2025*

Disclosures regarding the utilization of funds as per the objectives stated in the GSS+ bond Issue Prospectus

Objective as per Prospectus	Amount allocated as per Prospectus	Proposed Date of allocation as per Prospectus	Amount allocated from Proceeds (A)	% of Total Proceeds	Amount utilized as at 30.06.2026 (B)	% of utilization against allocation (B/A)	Clarification if not fully utilized including where the funds are invested (eg:Whether lent to related party/s etc.)
Improve the Tier 2 Capital Adequacy Ratio (CAR)	LKR 10,000 Mn	Immediately	LKR 10,000 Mn	100.0%	LKR 10,000 Mn	100.0%	N/A
Support the Bank’s Balance Sheet Growth Through Financing and/or Refinancing GSS+ Projects		Within 18 months upon allotment of the Bonds	LKR 10,000 Mn	100.0%	LKR 5,856 Mn	58.6%	Three loans previously earmarked for financing through the GSS+ Bond (bond) were allocated through another funding facility. Accordingly, a reallocation has been made. The balance unutilised proceeds of the bond are invested in government securities, and would be allocated to eligible projects within 18 months of the issuance of the bond.

** Date of allotment of GSS+ Bonds - 13.02.2026*

Selected Performance Indicators

Item	Bank		Group	
	30.06.2026	31.12.2025	**30.06.2026**	31.12.2025
Regulatory Capital Adequacy (LKR '000)				
Common Equity Tier I	**65,208,295**	68,302,317	**65,753,495**	68,840,059
Tier 1 Capital	**65,208,295**	68,302,317	**65,753,495**	68,840,059
Total Regulatory Capital	**85,734,100**	80,318,596	**86,280,222**	80,869,103
Regulatory Capital Ratios %				
Common Equity Tier 1 Capital Ratio (Minimum requirement - 7%)	**11.947**	13.550	**12.000**	13.610
Tier 1 Capital Ratio (Minimum requirement - 8.5%)	**11.947**	13.550	**12.000**	13.610
Total Capital Ratio (Minimum requirement - 12.5%)	**15.707**	15.933	**15.746**	15.989
Basel III Leverage Ratio (Minimum requirement is 3%)	**6.45**	7.40	**6.51**	7.46
Regulatory Liquidity Requirement				
Liquidity Coverage Ratio (%) – Rupee (Minimum Requirement - 100%)	**288.00**	190.90		
Liquidity Coverage Ratio (%) – All Currency (Minimum Requirement - 100%)	**162.26**	184.06		
Net Stable Funding Ratio (%) (Minimum requirement - 100%)	**124.43**	122.64		
Asset Quality				
Impaired Loans (Stage 3) to Total Loans Ratio (%)*- Net	**3.61**	4.55		
Impaired Loans (Stage 3) to Total Loans Ratio (%)*- Gross	**8.98**	10.08		
Impairment (Stage 3) to Stage 3 Loans Ratio (%)*	**59.83**	55.12		
Income & Profitability				
Net Interest margin %	**3.66**	3.96		
Return on assets (profit before tax from continuing operation) %	**0.99**	2.00		
Return on equity (profit after tax from continuing operation) %	**6.19**	11.55		
Cost to Income Ratio (%)	**49.71**	36.42		
Other Ratios				
Debt to equity ratio (times)	**1.79**	2.00		
Interest cover (times)	**2.08**	2.72		
Memorandum Information				
Credit Rating - Fitch	**A(lka)**	A(lka)		
Number of Employees	**2,638**	2,500		
Number of Branches (Including Service centres)	**133**	133		

* Including Undrawn Portion of Credit

Analysis of Financial Instruments By Measurement Basis

As at 30 June 2026	Bank				Group			
	Fair value through profit or loss - mandatory	Fair value through other comprehensive income	Amortised cost	Total	Fair value through profit or loss - mandatory	Fair value through other comprehensive income	Amortised cost	Total
	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000
Financial Assets								
Cash and cash equivalents	-	-	20,606,492	20,606,492	-	-	20,648,651	20,648,651
Balances with Central Bank of Sri Lanka	-	-	6,663,622	6,663,622	-	-	6,663,622	6,663,622
Placements with banks	-	-	17,061,746	17,061,746	-	-	17,061,746	17,061,746
Derivative financial assets	11,422,263	-	-	11,422,263	11,422,263	-	-	11,422,263
Financial assets measured at fair value through profit or loss	7,097,928	-	-	7,097,928	7,097,928	-	-	7,097,928
Financial assets at amortised cost -Loans and advances to customers	-	-	558,534,260	558,534,260	-	-	558,534,260	558,534,260
Financial assets measured at fair value through other comprehensive income- Loans and advances to customers	-	5,033,586	-	5,033,586	-	5,033,586	-	5,033,586
Financial assets at amortised cost - Debt and other instruments	-	-	120,468,178	120,468,178	-	-	120,475,638	120,475,638
Financial assets measured at fair value through other comprehensive income	-	131,010,933	-	131,010,933	-	131,010,932	-	131,010,932
Other assets	-	-	12,403,315	12,403,315	-	-	12,641,800	12,641,800
Total financial assets	18,520,191	136,044,519	745,740,154	900,304,864	18,520,191	136,044,518	746,028,258	900,592,967
Financial Liabilities								
Due to banks	-	-	7,658,746	7,658,746	-	-	7,658,746	7,658,746
Derivative financial liabilities	756,444	-	-	756,444	756,444	-	-	756,444
Financial liabilities at amortised cost -Due to depositors	-	-	631,992,560	631,992,560	-	-	630,908,446	630,908,446
Financial liabilities at amortised cost - Due to other borrowers	-	-	118,028,705	118,028,705	-	-	117,997,643	117,997,643
Debt securities issued	-	-	10,309,741	10,309,741	-	-	10,309,741	10,309,741
Other liabilities and provisions	-	-	12,512,617	12,512,617	-	-	13,225,504	13,225,504
Subordinated term debt	-	-	19,128,192	19,128,192	-	-	19,128,192	19,128,192
Total financial liabilities	756,444	-	799,630,561	800,387,005	756,444	-	799,228,272	799,984,716

As at 31 December 2025	Bank				Group			
	Fair value through profit or loss - mandatory	Fair value through other comprehensive income	Amortised cost	Total	Fair value through profit or loss - mandatory	Fair value through other comprehensive income	Amortised cost	Total
	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000
Financial Assets								
Cash and cash equivalents	-	-	22,771,091	22,771,091	-	-	22,804,954	22,804,954
Balances with Central Bank of Sri Lanka	-	-	2,952,879	2,952,879	-	-	2,952,879	2,952,879
Placements with banks	-	-	37,442,912	37,442,912	-	-	37,442,912	37,442,912
Derivative financial assets	8,494,001	-	-	8,494,001	8,494,001	-	-	8,494,001
Financial assets measured at fair value through profit or loss	9,015,005	-	-	9,015,005	9,015,005	-	-	9,015,005
Financial assets at amortised cost -Loans and advances to customers	-	-	510,924,245	510,924,245	-	-	510,924,245	510,924,245
Financial assets measured at fair value through other comprehensive income- Loans and advances to customers	-	4,619,866	-	4,619,866	-	4,619,866	-	4,619,866
Financial assets at amortised cost - Debt and other instruments	-	-	114,795,690	114,795,690	-	-	114,804,987	114,804,987
Financial assets measured at fair value through other comprehensive income	-	124,552,817	-	124,552,817	-	124,552,817	-	124,552,817
Other assets	-	-	6,198,600	6,198,600	-	-	6,373,793	6,373,793
Total financial assets	17,509,006	129,172,683	695,085,417	841,767,106	17,509,006	129,172,683	695,303,770	841,985,459
Financial Liabilities								
Due to banks	-	-	12,372,311	12,372,311	-	-	12,372,311	12,372,311
Derivative financial liabilities	201,000	-	-	201,000	201,000	-	-	201,000
Financial liabilities at amortised cost -Due to depositors	-	-	564,758,931	564,758,931	-	-	563,905,482	563,905,482
Financial liabilities at amortised cost - Due to other borrowers	-	-	134,354,757	134,354,757	-	-	134,363,917	134,363,917
Debt securities issued	-	-	12,286,859	12,286,859	-	-	12,286,859	12,286,859
Other liabilities and provisions	-	-	8,298,358	8,298,358	-	-	8,609,098	8,609,098
Subordinated term debt	-	-	9,363,299	9,363,299	-	-	9,363,299	9,363,299
Total financial liabilities	201,000	-	741,434,515	741,635,515	201,000	-	740,900,966	741,101,966

Fair Values of Financial Instruments

Financial Instruments Recorded at Fair Value
The following is a description of how fair values are determined for financial instruments that are recorded at fair value using valuation techniques. These incorporate the Bank's estimate of assumptions that a market participant would make when valuing the instruments.

(a) Derivatives
Derivative products valued with market-observable inputs are mainly currency swaps and forward foreign exchange contracts. Such valuations incorporate various inputs such as foreign exchange spot and forward rates.

(b) Financial Assets at Fair Value through Other Comprehensive Income
Financial Assets at Fair Value through Other Comprehensive Income are valued using valuation techniques or pricing models primarily consisted of unquoted equities.

(c) Financial Assets at Fair Value through Profit or Loss
Quoted Equities and Sri Lanka Government Securities - are included under Financial Assets at Fair Value through Profit or Loss are valued using market prices.

Determination of Fair Value and Fair Value Hierarchy
The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial instruments and non financial assets and liabilities recorded at fair value by level of fair value hierarchy

As at 30 June 2026	**Level 1 LKR 000**	**Level 2 LKR 000**	**Level 3 LKR 000**	**Total LKR 000**
Financial Assets				
Derivative financial assets				
Forward foreign exchange contracts	-	11,422,263	-	11,422,263
Financial assets measured at fair value through profit or loss				
Government of Sri Lanka Treasury Bills and Bonds	2,433,529	-	-	2,433,529
Equity securities - quoted	4,591,617	-	-	4,591,617
Units in unit trusts - unquoted	-	72,782	-	72,782
Financial assets measured at fair value through other comprehensive income				
Loans and advances to customers	-	5,033,586	-	5,033,586
Government of Sri Lanka Treasury Bills and Bonds	95,660,036	-	-	95,660,036
US Treasury Bill	1,016,429	-	-	1,016,429
Debentures	-	1,503,556	-	1,503,556
Equity shares- quoted	32,498,848	-	-	32,498,848
Equity shares- unquoted	-	-	332,064	332,064
	136,200,459	**18,032,187**	**332,064**	**154,564,710**
Financial Liabilities				
Derivative financial liabilities				
Forward foreign exchange contracts	-	756,444	-	756,444
	-	**756,444**	**-**	**756,444**

As at 31 December 2025	Level 1 LKR 000	Level 2 LKR 000	Level 3 LKR 000	Total LKR 000
Financial Assets				
Derivative financial assets				
Forward foreign exchange contracts	-	8,494,001	-	8,494,001
Financial assets measured at fair value through profit or loss				
Government of Sri Lanka Treasury Bills and Bonds	2,821,037	-	-	2,821,037
Equity securities - quoted	3,789,656	-	-	3,789,656
Units in unit trusts - unquoted	-	2,404,312	-	2,404,312
Financial assets measured at fair value through other comprehensive income				
Loans and advances to customers	-	4,619,866	-	4,619,866
Government of Sri Lanka Treasury Bills and Bonds	89,724,485	-	-	89,724,485
US Treasury Bond	1,569,429	-	-	1,569,429
Debentures	-	1,714,175		1,714,175
Equity shares- quoted	31,212,665	-	-	31,212,665
Equity shares- unquoted	-	-	332,063	332,063
	129,117,272	**17,232,354**	**332,063**	**146,681,689**
Financial Liabilities				
Derivative financial liabilities				
Forward foreign exchange contracts	-	201,000	-	201,000
	-	**201,000**	**-**	**201,000**

Set out below is a comparison, by class, of the carrying amounts and fair values of the Bank's financial instruments that are not carried at fair value in the financial statements. This table does not include the fair values of non-financial assets and non-financial liabilities.

	As at 30 June 2026		As at 31 December 2025	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	**20,606,492**	**20,606,492**	22,771,091	22,771,091
Balances with Central Bank of Sri Lanka	**6,663,622**	**6,663,622**	2,952,879	2,952,879
Placements with banks	**17,061,746**	**17,061,746**	37,442,912	37,442,912
Financial assets at amortised cost - Loans and advances to banks	**10,002,541**	**10,002,541**	-	-
Financial assets at amortised cost - Loans and advances to customers	**558,534,260**	**519,166,770**	510,924,245	477,425,470
Financial assets at amortised cost - Debt and other instruments	**120,468,178**	**122,193,109**	114,795,690	116,567,539
Other financial assets	**12,403,315**	**12,403,315**	6,198,600	6,198,600
Financial Liabilities				
Due to banks	**7,658,746**	**7,658,746**	12,372,311	12,372,311
Financial liabilities at amortised cost - due to depositors	**631,992,560**	**624,990,156**	564,758,931	566,423,213
Financial liabilities at amortised cost - due to other borrowers	**118,028,705**	**118,028,705**	134,354,757	134,354,757
Debt securities issued	**10,309,741**	**9,903,266**	12,286,859	12,614,066
Other financial liabilities	**12,512,617**	**12,512,617**	8,298,358	8,298,358
Subordinated term debt	**19,128,192**	**19,785,056**	9,363,299	10,343,084

Fair Value of Financial Assets and Liabilities not Carried at Fair Value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the Financial Statements.

Assets for which Fair Value Approximates Carrying Value

For financial assets and financial liabilities that have a short term maturity, it is assumed that the carrying amounts approximate their fair value. This assumption is applied for Cash and Cash Equivalents, Balances with Central Bank of Sri Lanka, Placements with Banks and Securities Purchased under Re-sale Agreements. This assumption is also applied to demand deposits, savings accounts without a specific maturity, floating rate instruments and fixed rate instruments having maturities within 12 months.

Fixed Rate Financial Instruments

The fair value of fixed rate financial assets and liabilities (other than assets and liabilities with maturities within 12 months) carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates for similar financial instruments.

Reconciliation of Level 3 fair values

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

	Equity Securities	
	Bank/Group	
	2026 **LKR 000**	**2025** **LKR 000**
Balance at 1 January	332,063	270,193
Purchased during the period		
Gain included in OCI		
– Net change in fair value (unrealised)	-	61,870
Balance at end of the period	332,063	332,063

Sensitivity analysis

For the fair values of equity securities, reasonably possible changes at the reporting date to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

	OCI Net of Tax	
Equity securities as at 30.06.2026	**Increase** **LKR 000**	**Decrease** **LKR 000**
Adjusted net assets value (5% movement)	16,603	(16,603)

OPERATING SEGMENTS - GROUP

Information about reportable segments

For the period ended 30 June	Corporate Banking		Retail Banking & SME		Treasury		Other		Unallocated		Total	
	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000
Net interest income - external customers	4,811,785	4,998,642	2,654,197	(439,183)	9,917,245	12,253,489	38,784	39,694	(1,251,336)	(1,645,515)	**16,170,675**	**15,207,127**
Inter-segment net interest income	(3,548,980)	(3,573,795)	5,679,278	7,030,915	(5,906,319)	(7,239,423)	-	-	3,776,021	3,782,303	-	-
Total net interest income	**1,262,805**	**1,424,847**	**8,333,475**	**6,591,732**	**4,010,926**	**5,014,066**	**38,784**	**39,694**	**2,524,685**	**2,136,788**	**16,170,675**	**15,207,127**
Net fee and commission income	1,012,773	823,513	2,962,077	2,289,177	40,680	42,755	(256)	(391)	171,563	93,807	**4,186,837**	**3,248,861**
Net gains from trading	147,064	98,755	225,159	141,421	276,360	800,686	-	-	-	-	**648,583**	**1,040,862**
Net gains from derecognition of financial assets	-	-	-	-	835,237	1,248,236	-	-	-	-	**835,237**	**1,248,236**
Net other operating income	2,633	(1,492)	(21,386)	(12,693)	23,925	-	420,359	353,887	1,390,937	1,334,649	**1,816,468**	**1,674,351**
Total operating income	**2,425,275**	**2,345,623**	**11,499,325**	**9,009,637**	**5,187,128**	**7,105,743**	**458,887**	**393,190**	**4,087,185**	**3,565,244**	**23,657,800**	**22,419,437**
Impairment for loans and other losses	(3,368,609)	(1,231,800)	(1,281,721)	(118,503)	(21,911)	(122,863)	-	-	42,041	(2,009,208)	**(4,630,200)**	**(3,482,374)**
Net operating income/ Segment Result	**(943,334)**	**1,113,823**	**10,217,604**	**8,891,134**	**5,165,217**	**6,982,880**	**458,887**	**393,190**	**4,129,226**	**1,556,036**	**19,027,600**	**18,937,063**
Operating profit after taxes on financial services											**5,799,167**	**8,171,511**
Share of profit of associate											**1,767**	**576**
Profit for the period from discontinued operations											**-**	**116,274**
Income tax expense											**(1,661,963)**	**(2,425,441)**
Non-controlling interest											**89,439**	**81,090**
Net profit for the period, attributable to equity holders of the Bank											**4,049,532**	**5,781,830**

As at 30 June	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000
Segment assets	226,022,467	193,450,380	335,625,841	273,718,462	294,972,180	285,978,101	1,686,280	1,312,896	62,583,718	33,741,848	**920,890,485**	**788,201,686**
Segment liabilities	158,472,562	109,083,743	473,364,556	420,645,779	155,850,766	144,031,876	1,058,860	732,354	22,124,248	16,477,513	**810,870,992**	**690,971,265**

For the period ended 30 June	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026	2025
Information on cash flows	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000	LKR 000
Cash flows from operating activities	-	-	-	-	-	-	-	-	-	-	**1,752,185**	**(6,056,636)**
Cash flows from investing activities	-	-	-	-	-	-	-	-	-	-	**(8,621,240)**	**7,513,425**
Cash flows from financing activities	-	-	-	-	-	-	-	-	-	-	**(15,668,414)**	**4,548,919**
Net cash flows generated during the period	-		-		-	-	-	-	-	-	**(22,537,469)**	**6,005,708**
Capital expenditure:												
Property, plant and equipment	-	-	-	-	-	-	426,736	580,178	-	-	**426,736**	**580,178**
Intangible assets	-	-	-	-	-	-	233,396	517,111	-	-	**233,396**	**517,111**
Total capital expenditure	**-**	**-**	**-**	**-**	**-**	**-**	**660,132**	**1,097,289**	**-**	**-**	**660,132**	**1,097,289**