

| INCOME STATEMENT | | |
|--|-------------------------------|-------------------------------|
| For the year ended 31st December | 2009 Rs '000 | 2008 Rs '000 |
| Income | 4,447,480 | 3,498,273 |
| Interest income | 4,235,229 | 3,212,690 |
| Interest expense | 2,483,929 | 2,031,116 |
| Net interest income | 1,751,300 | 1,181,574 |
| Net foreign exchange (loss) /profit | (89,905) | 16,082 |
| Fee and commission income | 197,782 | 229,112 |
| Other income | 104,374 | 40,389 |
| Operating income | 1,963,551 | 1,467,157 |
| Less: operating expenses | | |
| Personnel expenses | 325,346 | 247,587 |
| Provision for staff retirement benefits | 32,313 | 24,836 |
| Premises, equipment and establishment expenses | 291,208 | 230,541 |
| Fee expenses | 48,924 | 35,436 |
| Provision for loan losses and write-off | 233,571 | 287,213 |
| Other overhead expenses | 252,478 | 202,785 |
| Operating expenses | 1,183,840 | 1,028,398 |
| Operating profit before value added tax | 779,711 | 438,759 |
| Value added tax on financial services | 181,742 | 101,070 |
| Operating profit before income tax | 597,969 | 337,689 |
| Less: Income tax expense | 329,636 | 226,525 |
| Profit for the year | 268,333 | 111,164 |
| Basic earnings per share, Rs | 1.46 | 0.60 |

| DFCC VARDHANA BANK LIMITED | | |
|---|-------------------------------|-------------------------------|
| BALANCE SHEET | | |
| As at 31 December | 2009 Rs '000 | 2008 Rs '000 |
| Assets | | |
| Cash and short term funds | 835,704 | 2,177,373 |
| Balances with Central Bank of Sri Lanka | 802,076 | 768,383 |
| Treasury bills and bonds eligible for rediscounting with Central Bank | 14,377,234 | 5,764,172 |
| Securities purchased under resale agreements | - | 171,564 |
| Bills of exchange | 325,886 | 326,171 |
| Loans and advances | 13,505,751 | 14,426,000 |
| Interest receivable | 156,101 | 179,569 |
| Investment securities | 2,030 | 2,030 |
| Property, plant and equipment | 331,066 | 320,977 |
| Intangible assets | 107,039 | 120,066 |
| Other assets | 892,697 | 548,428 |
| Total assets | 31,335,584 | 24,804,733 |
| Liabilities | | |
| Deposits from customers | 22,046,946 | 18,972,099 |
| Borrowing | 5,060,104 | 2,189,882 |
| Group balances payable | 35,565 | 19,050 |
| Current tax liability | 57,132 | 46,321 |
| Retirement benefit obligation | 14,973 | 11,064 |
| Deferred tax liability | 48,224 | 4,889 |
| Other liabilities | 1,194,789 | 933,491 |
| Total Liabilities | 28,457,733 | 22,176,796 |
| Equity | | |
| Stated capital | 2,077,387 | 2,077,387 |
| Reserve fund | 36,427 | 23,010 |
| Retained earnings | 764,037 | 527,540 |
| Total equity - attributable to the equity holders of the Bank | 2,877,851 | 2,627,937 |
| Total liabilities and equity | 31,335,584 | 24,804,733 |
| Commitments and contingencies | 9,548,224 | 7,394,581 |

Ms. D. Wettasinghe
Senior Manager Accounting & Reporting

For and on behalf of the Board of Directors,

J M S Brito
Chairman

Lakshman Silva
CEO / Director

Colombo
March 30, 2010