

Business Partner Capital

Multilateral and bilateral institutions

DFCC Bank has a long history of building and nurturing strong relationships with various multilateral and bilateral institutions that share similar goals, including business partners such as:

- The World Bank
- European Investment Bank (EIB)
- Asian Development Bank (ADB)
- Kreditanstalt für Wiederaufbau (KfW) – Germany
- Deutsche Investitions- und Entwicklungsgesellschaft (DEG), a subsidiary of KfW – Germany
- Nederlandse Financierings – Maatschappij voor Ontwikkelingslanden N.V. (FMO) – The Netherlands
- Proparco, a subsidiary of Agence Française de Développement (AFD) – France
- RAKBANK, also known as the National Bank of Ras Al Khaimah – United Arab Emirates
- BlueOrchard Microfinance Fund – Luxembourg

In these partnerships, DFCC Bank's primary roles include serving as an effective credit institution for on-lending funds to end users, acting as the project manager in implementing credit programmes, administering grant funds, and paving the path for market development and capacity building.

In 2018, DFCC Bank was granted a long-term loan of USD 35 Mn by Asian Development Bank (ADB). ADB, established in 1966, is an organisation committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. With the Micro, Small and Medium Enterprise (MSME) sector being a vital part of the Sri Lankan economy, this credit line has helped the Bank continue its ongoing mission to nurture small and medium businesses to scale up at a crucial time in the country's economic growth.

During 2018, DFCC Bank was also selected as one of the 10 Participating Financial Institutions (PFI) of two more credit lines which were offered through the Government of Sri Lanka (GoSL) by ADB. The first credit line was for an additional line of credit of USD 75 Mn for the Small

and Medium Enterprise (SME) sector, and the second credit line was for USD 50 Mn for Rooftop Solar Power Generation.

The Treasury and Resource Mobilisation Unit continues to build upon the relationships the Bank has established over time by actively engaging with partner institutions to secure potential funding lines to support the Bank's rapid growth.

Correspondent banks

DFCC Bank maintains relations with over 250 correspondent banks around the world including some of the world's largest financial institutions. During the year under review, the Bank entered into a relationship with the Bank of New Zealand and opened a New Zealand Dollar (NZD) account to facilitate customer transactions. The Bank was also able to establish a new interbank limit with May Bank, Malaysia.

The following banks also visited DFCC Bank during the year to strengthen their relationship:

- ADB
- Axis Bank
- Caixa Bank
- Citi Bank
- Commerzbank
- DNB
- Doha Bank
- Habib Bank AG Zurich
- HDFC Bank
- ICICI Bank
- JP Morgan Chase Bank
- Landesbank Baden
- Landesbank Heseen
- Mashreq Bank
- Standard Chartered Bank
- Union de Banques Arabes et Françaises S.A.
- Zurcher Kantonalbank

The following entities act as the Bank's Nostro agents in the respective countries.

Bank	Currency	Country
Bank of Ceylon (UK) Limited	GBP	United Kingdom
Bank of Ceylon	ACU \$	India
Bank of Ceylon	ACU \$	Maldives
Bank of China	CNY	China
Bank of New Zealand	NZD	New Zealand
Commerzbank AG	CAD	Germany
Commerzbank AG	EUR	Germany
Deutsche Bank Trust Company Americas	USD	United States of America
HDFC Bank	ACU \$	India
HSBC Bank USA N.A.	USD	United States of America
Kookmin Bank	USD	South Korea
Mashreqbank PSC	ACU \$	India
Mashreqbank PSC	AED	United Arab Emirates
Mashreqbank PSC	USD	United States of America
Standard Chartered Bank (Pakistan) Limited	ACU \$	Pakistan
Standard Chartered Bank	ACU \$	Bangladesh
Standard Chartered Bank	ACU \$	India
Standard Chartered Bank	AUD	Singapore
Standard Chartered Bank	EUR	Germany
Standard Chartered Bank	GBP	United Kingdom
Standard Chartered Bank	SGD	Singapore
Standard Chartered Bank	USD	United States of America
Sumitomo Mitsui Banking Corporation	JPY	Japan
Uni Credit Bank AG	EUR	Germany
Zurcher Kantonalbank	CHF	Switzerland

The supply chain management and procurement Policy

The Procurement Policy of the Bank clearly defines how goods and services are fairly and transparently procured by authorised staff, whilst ensuring that the selection of suppliers and the acquisition of goods and services is done in a non-discriminatory and economically sound manner.

A Procurement Committee (PC) led by an Executive Vice-President acts as a control measure for the procurement function of the Bank. Major IT-related procurements are submitted to an IT Steering Committee (ITSC) and referred for PC approval upon the recommendation of the ITSC. Other general procurements are either submitted to the PC for approval or to higher approving authorities upon the recommendation of the PC. Independent parties may review large value and/or specialised procurements, if required.

Suppliers of goods and services are required to register themselves with the approval of the PC, and registered suppliers are subject to review once every two years. Suppliers undergo a rigorous evaluation process to determine quality, delivery time, pricing, after sales support, technical proficiency, and references. The Bank prefers to source its requirements from local suppliers as part of its commitment to helping local communities and businesses flourish. Suppliers may also opt to receive financial advice and assistance from the Bank.

Partners for service delivery

DFCC Bank partners with a variety of reputable vendors for various services such as:

- Cash collection, counting, storage, delivery, and transport of security goods
- Printing services including printing of account and credit card statements, cheque books, etc.
- Processing of payroll and other reimbursements
- Personalisation and delivery of chip-based credit cards
- Internal audit functions
- IT support
- Help desk problem management

The Bank also partners with over 1,500 merchants who are a part of the DFCC Virtual Wallet network.

Industry initiatives

DFCC Virtual Wallet

The first of its kind in Sri Lanka's banking industry upon its launch in 2016; the DFCC Virtual Wallet is an innovative mobile payment solution that has been steadfastly growing and is currently being used by over 30,000 customers and over 1,500 merchants.

The year saw a gamut of promotions and deals being offered for customers across various segments. In addition, customers have embraced the DFCC Virtual Wallet as a lifestyle app using it to settle utility bills,

insurance payments, credit card payments and check balances on a regular basis.

This innovative product is constantly evolving with the Bank adding novel features to it on a regular basis. The following functions were added to the DFCC Virtual Wallet during the year:

- Ability to transfer funds to non-customers further enhancing convenience
- The ability to perform customer registrations on the DFCC website via the “Apply now” function.
- The launch of DFCC Chatz, a Facebook chatbot that can interact with customers and merchants to provide instant feedback and information pertinent to DFCC Virtual Wallet.

Gifting of virtual cards to loved ones and withdrawal of Wallet funds through DFCC ATMs are significant stepping stones in the virtual journey that will be made prominent more so next year.

Lanka Money Transfer

A cutting-edge remittance system that enables instant remittances to DFCC Bank accounts and any LMT Partner Bank/Financial Institutions via a secure network. The service was upgraded in 2017 to enable remittances to be delivered to the DFCC Virtual Wallet.

Premier Go

The first premier banking app in the industry launched in November 2017 exclusively for DFCC Bank’s premier customers. The app provides premier customers with secure access to their account and transaction information, as well as direct access to their dedicated Relationship Manager via Video Conferencing.

Relaunch of DFCC Credit Cards

DFCC Bank relaunched its range of credit cards in March 2018, offering 1% CashBack on every swipe – a first for Sri Lanka. Gold, Platinum, Signature, and DFCC Premier Visa Infinite Credit Cards feature a sleek new look and are enabled with Visa payWave contactless technology and an EMV chip, a feature that other banks offer only on selected cards.

Tea Integrated Payment System

In collaboration with Synapsys, the Bank introduced Tea Integrated Payment and Supplychain (TIPS), an AgriFintech platform initially aimed at the tea industry. Workers in the tea industry can take advantage of

features such as mobile harvest collection through identification of the supplier/worker using an NFC card, RFID tags for food traceability, accurate weighing with Bluetooth-enabled weighing scale, SMS alerts to farmers. Available funds are updated in real-time, while cash is available from ATMs and along with better access to credit.

The TIPS solution is already implemented across multiple factories in Ratnapura and Galle Districts and is receiving high demand from small, medium, and large-scale factories locally and internationally.

DFCC iConnect

DFCC iConnect is a state-of-the-art fully integrated payments and cash management system. This integrated digital solution offers business customers at any level, the ease of automating their day-to-day, transnational banking needs. By using DFCC iConnect, business clients can route payments both locally and internationally at the click of a button. More significantly, they can make use of all the DFCC iConnect benefits via a mobile app that can be downloaded to any smart phone/tablet enabling users to be in control “on the go”. The app is biometrics-enabled to ensure 100% security. By pioneering such beneficial digital solutions, DFCC Bank demonstrates its focus on extending convenience and speed to customers by harnessing technology.

DFCC iConnect provides an Integrated Payments Solution, Integrated Collection Solution, Integrated Connectivity and Authorisation Solution, Integrated Liquidity Solution and Integrated Reporting and Reconciliation Solution. Furthermore, all payments (including company cheques/SLIPS/CEFT/RTGS/TT) can be authorised on the mobile app. The app also allows customer to view their account balances at any time on real time information.

Cross Currency SWAP

The Bank successfully completed a Cross Currency SWAP transaction worth USD 30 Mn with the Sri Lankan branch of a foreign bank. The derivative-based transaction took place in March 2018 and enabled DFCC Bank to generate Rupees at competitive rates while hedging the interest rate and foreign exchange rate risk exposures of a borrowing of USD 30 Mn from a foreign lender.

Strategic alliances

DFCC Bank is diversified into several entities; the DFCC Group provides a range of services to the financial sector through the following subsidiaries:

- DFCC Consulting (Pvt) Limited
- Lanka Industrial Estates Limited
- Synapsys Limited
- Acuity Partners (Pvt) Limited (Joint venture)
- National Asset Management Limited (Associate company)

DFCC Consulting (Pvt) Limited

DFCC Consulting (Pvt) Limited was established in 2004 and is a fully-owned subsidiary that engages in project consultancy and related fields. Through a shared resources model, DFCC Consulting draws upon a resource pool of nearly 600 executive staff from DFCC Bank and a pool of reputed external experts from various fields.

The Company supports DFCC Bank through its expertise in the fields of environment, engineering, and renewable energy and carries out international consultancy assignments, sometimes in partnership with overseas consulting firms.

During the year, DFCC Consulting entered into a two-year contract with the Asian Development Bank (ADB) to act as the Project Implementation Unit for the Rooftop Solar Power Generation Line of Credit extended by the ADB to the Government of Sri Lanka. This contract was secured by the Company subsequent to competing with several reputed international firms.

Lanka Industrial Estates Limited

Lanka Industrial Estates Limited (LINDEL) occupies a strategic location in Sapugaskanda on 125 acres of land, near the Colombo Harbour and Bandaranaike International Airport. The industrial estate offers land and buildings for lease, and the infrastructure for setting up industries. 95% of the leasable land has been let to industries, with 20 production facilities currently operating at the premises, six of which are owned by Fortune 500 Companies.

Synapsys Limited

Synapsys Limited was established in 2006 and is a fully-owned subsidiary of DFCC Bank that provides software development, MIS solutions, and IT support to DFCC Bank and other customers. With an array of innovative

products and services that include two flagship and NBQSA award-winning platforms, the Company supports banks, capital markets, insurance, and retail payments across Asia and the Pacific region.

Memberships in industry associations

DFCC Bank has acquired membership and established alliances with various industry associations and organisations that enable networking opportunities and contribution to industry standards. Associations include:

- American Chamber of Commerce in Sri Lanka
- Association of Board/Company Secretaries of Banks
- Association of Compliance Officers of Banks Sri Lanka
- Association of Development Financing Institutions in Asia and the Pacific
- Banks' CIO Forum
- BNI Inspire Charter-Colombo Sri Lanka
- Central Bank of Sri Lanka
- Chamber of Construction Industry Sri Lanka
- Chartered Institute of Management Accountants
- Colombo Stock Exchange
- Fitch Ratings Lanka Ltd.
- Genesiis Software (Pvt) Ltd.
- Lanka Clear (Pvt) Ltd.
- Lanka Fruit and Vegetable Producers, Processors and Exporters Association
- Lanka Swift User Group
- Leasing Council of Bankers of Sri Lanka
- Mary Martin Book Sellers Pte Ltd.
- Payment Card Industry Association of Sri Lanka
- Reed Business Information Ltd.
- Securities and Exchange Commission of Sri Lanka
- Sri Lanka Forex Association
- The Association of Banking Sector Risk Professionals of Sri Lanka
- The Ceylon Chamber of Commerce
- The Ceylon National Chamber of Industries
- The Employers' Federation of Ceylon
- The European Chamber of Commerce of Sri Lanka
- The Financial Ombudsman Sri Lanka (Guarantee) Limited
- The Institute of Bankers of Sri Lanka
- The Institute of Chartered Accountants of Sri Lanka
- The Mercantile Service Provident Society
- The National Chamber of Commerce of Sri Lanka
- The Sri Lanka Banks' Association (Guarantee) Limited