

BUSINESS PARTNER CAPITAL

Multilateral and Bilateral Institutions

Since its inception, DFCC Bank has developed and nurtured strong relationships with many multilateral and bilateral institutions that share similar goals. Business partners include:

- 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) – Netherlands
- Proparco, a subsidiary of Agence Française de Développement (AFD) – France

DFCC Bank's role in these partnerships is primarily being an effective credit institution for on-lending funds to end users, or acting as the project manager in implementing credit programmes, administering grant funds and smart subsidiaries for market development and capacity building.

In 2016, DFCC Bank made inroads to the Middle Eastern sector for funding requirements. The Bank enjoys a bilateral funding relationship with RAKBANK, also known as the National Bank of Ras Al Khaimah, in the UAE.

During the period under review, DFCC Bank was granted a long-term loan of EUR 20 million by Proparco, a subsidiary of Agence Française de Développement (AFD), further affirming the Bank's reputation as a preferred partner for international credit lines. The Organisation is devoted to private sector financing to finance renewable energy projects and improve access to credit for Small and Medium Enterprises (SMEs) in Sri Lanka.

DFCC Bank prides itself in being one of the premier banking institutions in the country that promotes and supports the operations of Small and Medium Enterprises. During the year, the Bank secured funding of USD 30 million from BlueOrchard, a leading global impact investment manager, to increase lending to SMEs, while strengthening its micro-finance portfolio.

Building upon the relationships the Bank has established over time, the Treasury and Resource Mobilisation Unit actively engages with partner institutions to secure potential funding lines to support the Bank's rapid growth.

Correspondent Banks

The Bank maintains relations with over 250 global correspondent banks. The Bank added new correspondent banking relationships to its network that will facilitate customer transactions which originate in or involve foreign countries. The entities listed below act as the Bank's nostro agents in the respective countries.

Bank	Country
Bank of Ceylon (UK) Limited	UK
Bank of Ceylon	India
Bank of Ceylon	Maldives
Bank of China	China
Commerzbank AG	Germany
Commonwealth Bank of Australia	Australia
Deutsche Bank Trust Company Americas	USA
HDFC Bank	India
HSBC Bank USA N.A.	USA
Kookmin Bank	South Korea
Mashreqbank PSC	India
Mashreqbank PSC	UAE
Mashreqbank PSC	USA
Standard Chartered Bank (Pakistan) Limited	Pakistan
Standard Chartered Bank	Bangladesh
Standard Chartered Bank	Germany
Standard Chartered Bank	India
Standard Chartered Bank	Singapore
Standard Chartered Bank	USA
Sumitomo Mitsui Banking Corporation	Japan
UniCredit Bank AG	Germany
Zurcher Kantonal Bank	Switzerland

The Supply Chain Management and Procurement Policy

DFCC Bank's Procurement Policy provides clear guidance on the procurement of goods and services by authorised staff to ensure fairness, transparency, and accountability for decisions. The policy ensures that the selection of suppliers and the acquisition of goods and services are done in a non-discriminatory, transparent, and economically sound manner.

A Procurement Committee (PC) led by an Executive Vice President serves as a control measure to the procurement function of the Bank. All recurrent procurements are performed according to the Board approved Delegated Authority Circular in force. All major IT-related procurements are submitted to an IT Steering Committee (ITSC) and referred for PC approval, with the recommendation of the ITSC. Other general procurements are submitted either to the PC for approval, or to higher approving authorities, with the recommendation of the PC. Large value and/or specialised procurements may be subject to a further review by an independent party, if deemed necessary.

Suppliers of goods and services have to register centrally with the approval of the PC, after which the Delegation of Authority for Capital and Revenue Expenditure will become effective. Registered suppliers are subject to review once every two years.

The selection of suppliers entails a rigorous process wherein the three “rights” are evaluated: the right quality, the right time (delivery), and the right price. Other aspects that are evaluated include after sales support, acceptable references, and technical proficiency.

With a preference for procuring from local suppliers, DFCC Bank honours its commitment to helping local communities flourish. Suppliers may receive financial advice and assistance from the Bank, if they require.

The Bank always attempts to maintain optimum stock levels in order to avoid unnecessary storage costs/space requirements.

Members of the Board of Directors and employees who are involved in initiating a procurement or are in an evaluation panel are required to disclose any interest they may have in any procurement decision under consideration or evaluation, and cannot participate in the decision-making process. The Bank does not carry out purchases on behalf of employees.

Partners for Service Delivery

DFCC Bank works with several reputable vendors for various services, including:

- Cash collection, counting, storage, delivery and transport of security goods
- Printing of account and credit card statements, printing cheque books, personalisation and dispatch services

- Processing of payroll and other reimbursements
- Personalisation of chip-based credit cards
- Delivery of personalised credit cards
- Internal audit functions such as monitoring and compliance with existing internal control procedures, reporting on non-compliance/control gaps and offering recommendations
- IT support, issues of warranty, maintenance calls, time and material services, and software issues related to the Bank
- Help desk problem management, hardware and software handling and general queries
- The Bank also has relationships with over 1,100 merchants, ranging from online stores, grocery stores to hospitals, participating in the DFCC Virtual Wallet. Further details can be found under Industry Initiatives on page 76.

Industry Initiatives

Lanka Money Transfer (LMT)

Lanka Money Transfer (LMT) is a state-of-the-art remittance system which enables instant remittances to accounts maintained in DFCC Bank PLC and any LMT Partner Bank/Financial Institution via a secure network. Through this service, migrant workers are able to remit their earnings to their loved ones back home in a secure and speedy manner. The funds will be credited to the beneficiary’s account held at DFCC Bank or any other account held with LMT Partner Banks/Financial Institutions with minimal hassle. For this purpose, DFCC Bank has ensured it houses the best exchange companies under one roof.

LMT is currently operating with 11 exchange companies in UAE, Qatar, Oman, South Korea, Israel, and Australia, and partnering with 11 financial institutions in Sri Lanka.

Exchange Companies include Future Exchange LLC, Al Ansari Exchange LLC, Lulu International Exchange LLC, Sharaf Exchange LLC, Al Zaman Exchange WLL, Islamic Exchange Co WLL, City Exchange Co WLL, Global Money Exchange Co, Kookmin Bank, Wic Worldcom Finance Limited, and Kapruka Pty Limited.

LMT Partner Banks/Financial Institutions include DFCC Bank PLC, Amāna Bank, HDFC Bank, Regional Development Bank (RDB), Sanasa Development Bank, Union Bank, Pan Asia Bank, Hatton National Bank (HNB), Lanka Orix Finance Company, Citizen Development Bank, and Sarvodaya Development Finance.

DFCC Bank PLC has commenced work to expand LMT Operations to other destinations and looks forward to having arrangements in all potential destinations by Q2 of 2018.

DFCC Virtual Wallet

The DFCC Virtual Wallet, an innovative mobile payment solution which was introduced in 2016, reported a rapidly captivated audience during 2017. With its continuous new developments, the services were extended to all mobile subscribers and non-account holders as well.

At the end of 2017, over 10,000 customers and 1,100 merchants were using the mobile payment solution. To add convenience to its users, new features such as DFCC Chatz which helps all customer queries answered via the Bank Facebook Page and voice command feature to make payments, check balance and transfer funds via the voice command, were introduced.

DFCC “Premier Go”

DFCC Bank launched “Premier Go”, the first ever premier banking app in the industry, exclusively for the Bank’s premier customers in November 2017.

The unique feature of the app is that it enables the customer to contact their Relationship Manager at the click of a button via video conferencing. In addition, it enables the customer to be informed about all their financial information and transactions related to their DFCC premier account in a secure manner.

Payment and Cash Management Solution – DFCC i-Connect

Leading the banking industry in pioneering Fintech solutions, DFCC Bank launched DFCC i-Connect, a fully integrated Payments and Cash Management (PCM) system for the convenience of its customers. DFCC i-Connect offers a range of corporate transactions banking products and services across a unified portal with corporate payments, utility bill payments, corporate collections reporting including virtual accounts, financial supply chain management and a corporate mobile app.

Strategic Alliances

Through a series of strategic acquisitions, alliances, and partnerships over time, DFCC Bank has diversified itself into several entities.

The DFCC Group currently comprises of its subsidiaries:

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

Through the combination of these entities, the Group is able to provide a range of services to the financial sector.

DFCC Consulting (Pvt) Limited

DFCC Consulting (Pvt) Limited, established in 2004, is a fully-owned subsidiary of DFCC Bank that engages in project consultancy and related fields. Through its shared resources model, DFCC Consulting draws upon a multidisciplinary, highly-skilled resource pool of nearly 600 executive staff of DFCC Bank, and a pool of reputed external individuals who are experts in various fields. The company provides support to 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.

Lanka Industrial Estates Limited (LINDEL)

Lanka Industrial Estates Limited (LINDEL), occupies a strategic location in Sapugaskanda on 125 acres of land. Located in close proximity to the Colombo Harbour and Bandaranaike International Airport, the industrial estate offers land and buildings for lease, and the infrastructure to set up industries. 95% of the leasable land has been let to industries. Twenty production facilities currently operate at the premises, six of which are owned by Fortune 500 companies.

Synapsys Limited

Synapsys Limited, established in 2006, is a fully-owned subsidiary of DFCC Bank that provides software development, MIS solutions, and IT support to DFCC Bank and other customers. The dynamic technology firm, with its array of innovative products and services, including two flagship and NBQSA award-winning platforms, supports banks, capital markets, insurance, and retail payments across Asia and the Pacific Region.

Acuity Partners (Pvt) Limited

Acuity Partners (Pvt) Limited, a joint venture between DFCC Bank and Hatton National Bank (HNB), is the only integrated, fully-fledged investment bank in Sri Lanka. Acuity Partners offers a wide range of products and services in fixed income securities, stock brokering, corporate finance, margin trading, asset management, and venture capital financing.

The following subsidiaries, associates and business units fall under Acuity Partners:

- Acuity Corporate Finance: Provides corporate finance and advisory services
- Acuity Securities Limited: A primary dealer for Government Securities
- Acuity Stockbrokers (Pvt) Limited: A member of the Colombo Stock Exchange
- Lanka Ventures PLC: A venture capital company
- Guardian Acuity Asset Management Limited: A dedicated fund management entity

National Asset Management Limited (NAMAL)

National Asset Management Limited (NAMAL), established in 1991, is the pioneer Unit Trust management company in Sri Lanka. With over 25 years of experience, NAMAL boasts a successful track record of investing in equity and fixed income markets. The Company offers private portfolio management services, and operates eight Unit Trusts, including the first Unit Trust to be licensed in Sri Lanka (National Equity Fund) and the first listed Unit Trust (NAMAL Acuity Value Fund).

Memberships in Industry Associations

DFCC Bank has attained membership and established alliances with several industry associations and organisations. These bring about opportunities for networking and contributing to upholding industry standards, helping to weave a collective voice representing the industry on matters of regulation and policy. The Bank is associated with the following:

- Association of Development Financing Institutions in Asia and the Pacific
- American Chamber of Commerce in Sri Lanka
- The Financial Ombudsman Sri Lanka (Guarantee) Limited

- Association of Compliance Officers of Banks Sri Lanka
- Chartered Institute of Management Accountants
- The Association of Banking Sector Risk Professionals of Sri Lanka
- Chamber of Construction Industry Sri Lanka
- Lanka Fruit and Vegetable Producers, Processors and Exporters Association
- Genesis Software (Pvt) Limited
- The Ceylon National Chamber of Industries
- The Ceylon Chamber of Commerce
- Mary Martin Book Sellers PTE Limited
- The Institute of Chartered Accountants of Sri Lanka
- The National Chamber of Commerce of Sri Lanka
- The Mercantile Service Provident Society
- Sri Lanka Forex Association
- Reed Business Information Limited
- The Employers' Federation of Ceylon
- Sri Lanka Banks' Association (Guarantee) Limited
- Banks CIO Forum
- Lanka Clear (Pvt) Limited
- The Institute of Bankers of Sri Lanka
- The European Chamber of Commerce of Sri Lanka
- International Chamber of Commerce, Sri Lanka