

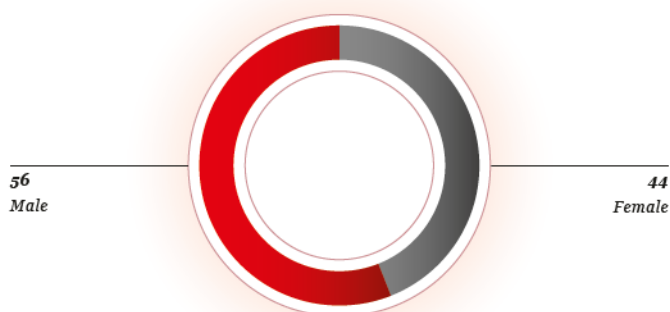
EMPLOYEE CAPITAL

DFCC Bank grew its Human Capital base to 1,770 in 2017 – an increase of 7% over 2016 - with permanent employees accounting for 80%. The gender distribution ratio, stood at 56:44 (male to female), whilst in relation to age distribution, employees under 30 years of age comprise 57.6% of the overall headcount.

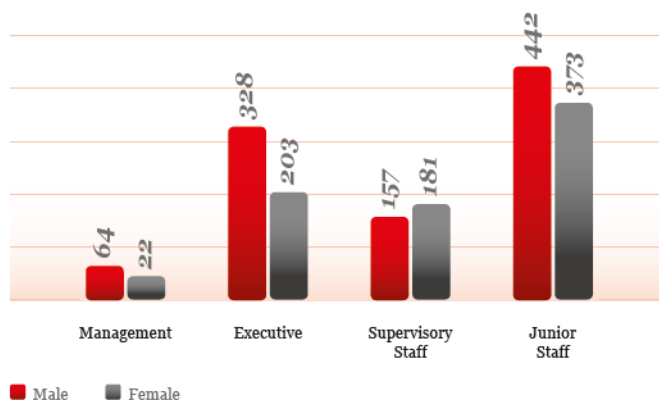
56% of employees were stationed in the Western Province, followed by 9.7% in the Southern Province and 8.5% in the Central Province. The Northern and Eastern Provinces, with 10 branches accounted for 8% of the total workforce.

Staff Analysis

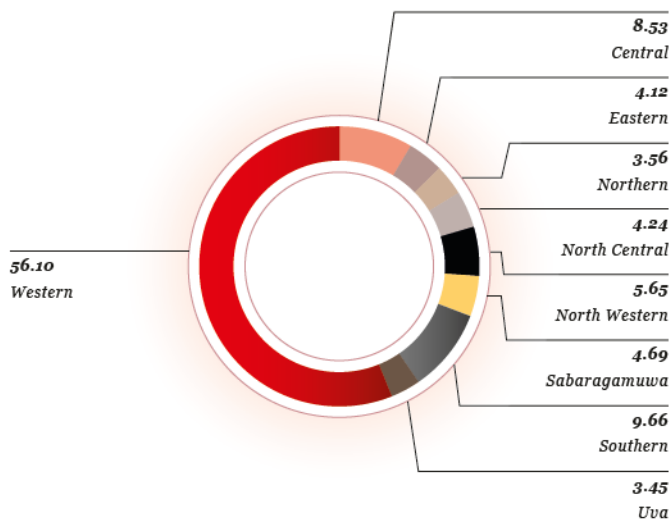
Staff Distribution by Gender – %



Staff Distribution by Category – Nos.



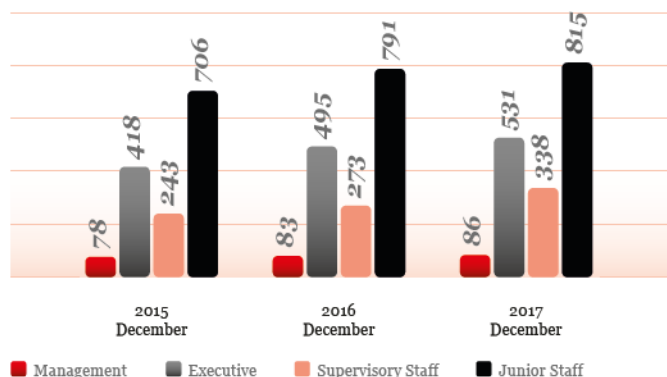
Employees by Province – %



Workforce by Employment Type/Contract and Gender

Grade	Permanent			Contract/Casual/Part time			Total Number of Employees		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Management	53	19	72	11	3	14	64	22	86
Executive	295	190	485	33	13	46	328	203	531
Supervisory Staff	156	181	337	1	0	1	157	181	338
Junior Staff	246	269	515	196	104	300	442	373	815
Total	750	659	1,409	241	120	361	991	779	1,770

Change in Total Headcount – Nos.



Total Workforce by Region and Gender

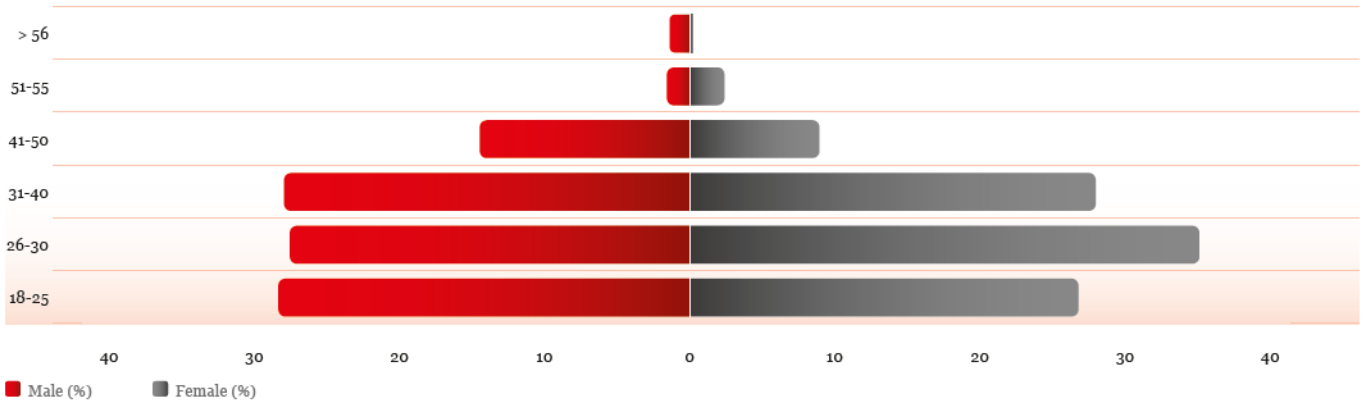
Province/Departments and Other Business Units	2017 December					2016 December					2015 December				
	No. of Employees					No. of Employees					No. of Employees				
	No. of Branches/ Departments	No. of SLP Units	Male	Female	Total	No. of Branches/ Departments	No. of SLP Units	Male	Female	Total	No. of Branches/ Departments	No. of SLP Units	Male	Female	Total
Central	13	2	105	46	151	11	4	95	45	140	10	4	69	47	116
Eastern	8	2	55	18	73	8	2	52	21	73	7	4	50	22	72
Northern	6	0	39	24	63	6	0	38	23	61	6	0	34	21	55
North-Central	6	3	52	23	75	6	3	50	25	75	3	6	42	20	62
North-Western	9	2	58	42	100	7	3	51	46	97	6	4	36	38	74
Sabaragamuwa	7	8	48	35	83	7	8	43	40	83	5	10	36	35	71
Southern	15	8	98	73	171	9	14	72	73	145	9	14	67	67	134
Uva	4	5	40	21	61	4	5	38	19	57	4	5	38	18	56
Western	33	7	213	192	405	32	8	185	188	373	29	11	146	176	322
Departments and Other Business Units	76	0	283	305	588	69	0	250	288	538	63	0	208	275	483
Total	177	37	991	779	1,770	159	47	874	768	1,642	142	58	726	719	1,445

Note : Number of staff attached to Regional offices are included with respective province staff count

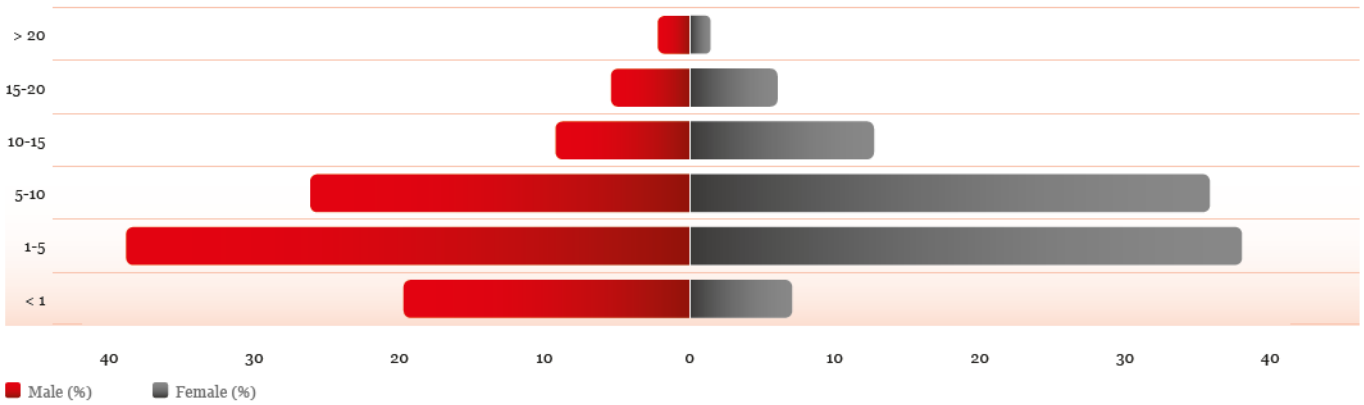
Workforce by Age and Category

Grade	Management		Executive		Supervisory		Junior Staff	
	Count	%	Count	%	Count	%	Count	%
18-25	0	0	12	2	1	0	469	58
26-30	0	0	143	27	121	36	275	34
31-40	8	9	267	50	169	50	45	6
41-50	53	62	99	19	40	12	18	2
51-55	16	19	8	2	6	2	4	0
56 +	9	10	2	0	1	0	4	0
Total	86	100	531	100	338	100	815	100

Age Pyramid – Years



Seniority Pyramid – Years



Development and Growth

As per the Bank’s emphasis on investing in employees, extensive opportunities to receive training and development were provided during the year.

Grade	No. of person hours of training		
	Male	Female	Total
Management	2,031	590	2,620
Executive	11,806	7,191	18,997
Non-Executive	16,298	13,198	29,496
Total	30,134	20,979	51,113

* Excluding e-learning

	Total person hours 2017
In house	46,211
External	4,306
Foreign	596
E-learning	21,552
Total	72,665

Development needs are identified via different means, including:

- Individual development plans prepared by supervisors upon discussion with their employees
- Discussions with cross functional groups
- Discussions with business heads

Once identified, the needs are addressed through:

- Provision of classroom-based training opportunities (domestic and overseas)
- On-the-job training
- Job rotations
- Role enhancements
- Special assignments
- e-learning opportunities

The Bank's e-learning platform which offers relevant business and soft skill-based content, was widely used to deliver knowledge to employees across the country as well as conduct assessments and quizzes to ensure an effective and fun learning experience. Usage of the platform grew by 22%. User satisfaction was aptly demonstrated at the annual survey which noted that 99% of users were highly satisfied with the facility provided.

In 2017, 404 training programmes were conducted of which 178 were conducted in-house – a 22% increase over the previous year's in-house offerings. Nearly 72,700 hours of training were provided during the year, with employees receiving an average of 42.6 hours.

Improving the continuous development and progression of employees remained a priority for the Bank. During the year, 70 junior level employees underwent the Officer in Charge (OIC) Certification Programme, with 47 participants successfully completing the stringent course, a prerequisite to perform an OIC role at the Bank. Since its inception, 161 employees have been successfully certified. A Credit Certification Programme, was introduced this year to assist junior level staff to embark on a career path in credit, with 24 staff participating in the seven day programme, and 50% successfully completing the certification process.

The individual-focused career development programmes, "Ascension" (targeting high potential staff) and "Rise" (aimed at staff requiring focused assistance to perform at expected levels), continued to be rolled out in 2017. Currently 32 employees are participating in the Ascension programme, and 16 employees in the Rise programme.

The re-skilling programme, introduced in 2016, aims to enable mature employees, whose job roles have changed based on business needs, to acquire the relevant knowledge and skills required to perform their new roles optimally. The programme continued to be rolled out in 2017 with progress regularly monitored and interventions made when necessary. With this focused attention it is noteworthy that 12 of the 46 participating employees left the programme, having achieved their expected performance levels.

Coaching and mentoring initiatives were offered to employees, based on individual needs during the year. Additionally, new employees were assisted to assimilate quicker into the work environment through on-boarding programmes and the "Buddy Scheme". The Buddy Scheme sees senior colleagues act as buddies to the new recruits, helping them to understand the Bank culture, policies, practices, and the expectations of their job roles. Further demonstrating continued commitment towards assisting employees with their personal and professional ambitions, the Bank offers varied assistance and grant schemes for higher education. During the year under review, 156 employees took advantage of these schemes.

Recruitment and Retention

Recruitment

During 2017, the employee base grew by 319, necessitated by the continued expansion of the branch network and introduction of new business offerings and services. Of the new recruits, 68% were for junior level positions, while 78% of them were under the age of 30. The Bank maintained its commitment to having internal talent groomed to take on more responsibility in the future, with only one external recruitment being made to a management position during the year. Resourcing talent with the desired level of competency and the right fit continued to be a key HR challenge during the year, with sales roles being particularly challenging to fill despite attractive incentive schemes and the availability of dedicated and progressive career paths.

Grade	New Employees Joining in the Current Financial Year						
	Age Group				Gender		
	Less than 30 Years	Between 30-50 Years	Above 50 Years	Total	Male	Female	Total
Management	0	1	0	1	1	0	1
Executive	33	41	0	74	59	15	74
Supervisory Staff	10	15	0	25	22	3	25
Junior Staff	205	12	2	219	163	56	219
Total	248	69	2	319	245	74	319

2017 saw 66% of new hires sourced for branches, with the majority of hires to the Southern Province, as six of the 14 new branches opened during the year were in this region.

New Hires by Province

Province	Total
Central	23
East	10
North	9
North-Central	13
North-Western	14
Sabaragamuwa	19
South	43
Uva	14
Western	174
Total	319

Retention

83 permanent employees voluntarily resigned during the year, 42% of whom were junior staff. Retention of sales staff continued to be a challenge, with the year seeing 52 such staff leaving the Bank. Exit interviews are conducted for resigning permanent staff members, with appropriate feedback given to their supervisors and other corrective actions taken, if warranted. The Operations Risk Management Committee reviews attrition data on a quarterly basis, highlighting the importance of human capital to the Bank. The attrition rate of permanent employees in 2017 was to 6.1%.

Total Number and Percentage of Employee Turnover by Age Group and Gender

Category	2017 December				2016 December				2015 December			
	Employee Turnover		%*		Employee Turnover		%*		Employee Turnover		%*	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Below 30 Years	20	19	7	6	23	19	8	6	20	28	7	8
30 – 50 Years	23	21	5	6	20	15	5	5	19	14	6	5
51 – 60 Years	0	0	0	0	2	0	13	0	0	1	0	11
Above 60	0	0	0	0	0	0	0	0	0	0	0	0
Total	43	40	6	6	45	34	7	5	39	43	6	7

* As a percentage of total male/female staff in each employee category in the permanent cadre

Number of Employees Resigned

Category	Age Group			Total	Gender		Total
	Less than 30 Years	Between 30-50 Years	Above 50 Years		Male	Female	
Management	0	1	0	1	1	0	1
Executive	5	23	0	28	14	14	28
Supervisory Staff	5	14	0	19	9	10	19
Junior Staff	29	6	0	35	19	16	35
Total	39	44	0	83	43	40	83

Resignations by Province

Province	Total
Central	5
East	0
North	3
North-Central	5
North-Western	5
Sabaragamuwa	3
South	8
Uva	2
Western	52
Total	83

Return to Work after Parental Leave

Indicator	Male	Female	Total
Number of employees entitled to parental leave during previous reporting period (2016)	n/a	768	768
Number of employees who took parental leave and due to return during 2017	n/a	59	59
Number of employees who returned to work after parental leave during 2017	n/a	57	57
Employees who returned to work out of those due to return during 2017	n/a	97%	97%
Number of employees due to return to work after parental leave during 2016	n/a	67	67
Number of employees who returned to work after parental leave during 2016	n/a	66	66
Employees who returned to work out of those due to return during 2016	n/a	99%	99%
Number of employees who returned to work after parental leave during 2016, who were still employed 12 months after return to work	n/a	58	58
Retention rate	n/a	87%	87%

Benefits

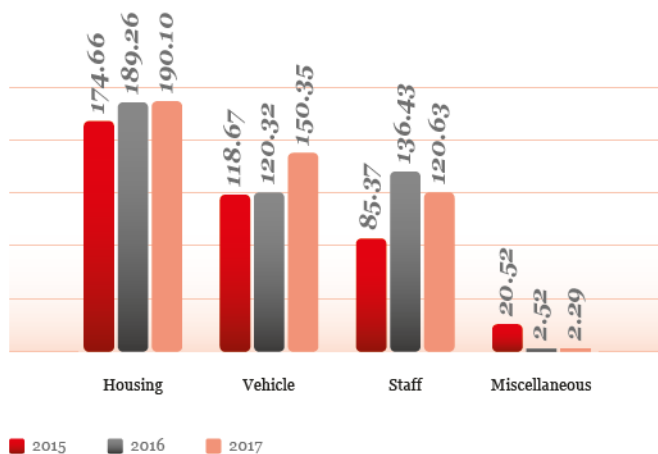
Employment Type	Permanent	Contract
Housing Loan	√	X
Vehicle Loan	√	X
Exam*	√	X
Professional Subscription*	√	X
Social Club Gymnasium*	√	X
Miscellaneous/Staff Loan	√	X
Festival Advance**	√	X
MBA Loan	√	X
Holiday Grant***	√	X

* Executive Trainees and Management Trainees on fixed term contracts will also be provided

** Only for non-executive staff

*** Based on the offer of employment, may be provided to the contract staff as well

Loan Utilisation – LKR million

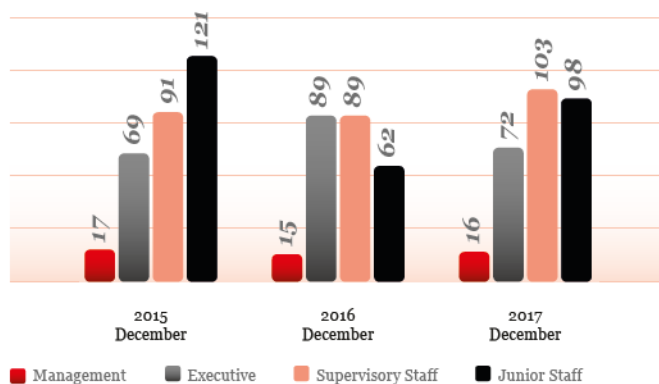


Performance Management

Performance management continued to have key focus. Formal performance reviews were conducted mid-year and year-end, although supervisors are encouraged to conduct more frequent reviews. At the year-end evaluation, based on achievement of targets, employees are individually assessed and performance based bonus and annual increments awarded. The performance assessments are affiliated to the promotion mechanisms of the Bank as well.

Employees also have the option to escalate their concerns, in the case of disagreement over the performance evaluation, to the HR department, the Grievance Committee, and even the CEO.

Staff Promoted – Nos.



Work Life Integration

DFCC Bank promotes work life integration and an environment which encourages staff to participate in extra-curricular hobbies and passions outside of their job scopes. To this end, groups such as the Welfare and Recreation Club, DFCC REDS, Mess Committee, and DFCC Community Projects Team organised different initiatives throughout the year, aimed at promoting interaction among employees and their families, enhancing health and wellness, and providing employees with opportunities to contribute to the larger community.

This year's annual dance witnessed its largest patronage yet, with 1,300 employees and their families participating. Events such as overnight trips, the sports day, cricket matches, the Christmas party and carols, quiz nights, and mess nights provided employees with a multitude of opportunities to mix and mingle.

Focus continued to be placed on employee wellness, with programmes being held on non-communicable diseases, health and fitness and advice on nutrition, exercise, and mental wellness also being regularly disseminated. Activities, including hiking trips, yoga classes, a pedometer challenge, a six-month boot camp programme, and a free medical camp for staff were organised throughout the year. The Bank continued to invest in sports activities such as basketball, badminton,

and tennis, while also sponsoring employees to participate in local and international sports competitions. The Bank also provides fully and partially sponsored gym and social club memberships, a benefit utilised by 195 employees during the year.

In keeping with one of the Bank's core values of being "socially responsible", employees participated in many events including an annual blood drive, a beach clean-up, donations to orphanages, a fully funded day out for 60 students from an underprivileged school and a public eye donation campaign conducted on behalf of the National Eye Bank of Sri Lanka with over 300 donors signing up. The DFCC REDS closed the year's employee-initiated CSR projects by organising school supplies to assist children from underprivileged backgrounds. When significant segments of the community were impacted by inclement weather, the Bank carried out disaster relief efforts with the active engagement of the staff. The Bank, along with its employees, generously donated funds to assist impacted colleagues and the larger community. Employees also contributed their time and effort to prepare ration packs for victims, assist at medical camps organised by the Bank in Akuesssa and Deniyaya, and contributed towards the clean up and reconstruction efforts of six affected schools.

Grievance Redressal

DFCC Bank's employees have many avenues through which they can raise concerns and seek redressal. The Board-approved Grievance Policy outlines the grievance escalation process, while a Grievance Committee, comprising cross-functional representation of employees, is available to raise concerns. The Bank's secure Environment Policy clearly outlines and advocates for a harassment-free environment that provides equal opportunities for all, and outlines mechanisms and options to address issues.

The "Reach Out" programme, launched during the latter part of 2016, provides a platform for female employees to seek assistance on personal and professional issues that affect them. Periodically organised open days with the Chairman and CEO, and access to their dedicated phone lines and email addresses give employees access to the highest level to address their grievances.

A majority of the grievances raised during the year pertained to transfers, performance evaluations, and promotions. The Grievance Committee held quarterly meetings to discuss common issues raised with them and receive updates on issues raised with HR. Grievances received under the Reach Out programme were all appropriately addressed.

1,770

Total headcount in 2017

319

new recruitments in 2017

72,700 hours

of staff training

Over 1,100

merchants connected to the DFCC Virtual Wallet

Over 250

global correspondent banks



Thanking and Rewarding

The Bank recognises the pivotal role of appreciation and recognition towards employee engagement, productivity, and retention. Several programmes are offered to promote these aspects within the Bank’s workplace ethos.

Through the “Rewarding Excellence” scheme introduced in 2013, the special and extra contributions of employees continue to be recognised – the achievements of 41 employees were celebrated during the year with active participation from members of the Board of Directors and senior management. Since the inception of the scheme, 113 employees have been recognised and rewarded.

An “Appreciation Night” was held in 2017 to thank over a hundred employees who regularly and voluntarily took on additional roles and responsibilities for which they are not monetarily compensated. An “Awards Night” was introduced for the first time in 2017, with employees recognised for business and sales performance, and awards given for excellence in areas such as sports, customer service, volunteering, and many other aspects.

An e-card platform was introduced this year to provide employees with a quick and convenient system to recognise and appreciate specific contributions of their colleagues, subordinates, and supervisors.

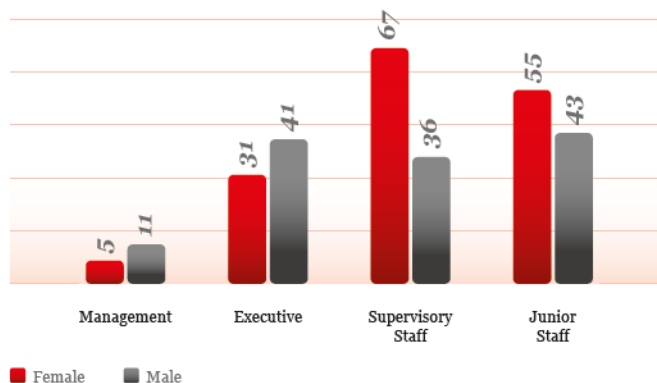
Embracing Diversity, Inclusion and Equality

The Bank has strived to ensure fair and equitable workplace policies and practices, irrespective of gender, cultural or religious diversity. The tables below demonstrate the Bank’s commitment towards ensuring equitability.

Ratio of Salary of Men to Women by Employee Category

	2017			Basic Salary ratio, Male/Female
	Male	Female	Total	
Management	64	22	86	46:54
Executive	328	203	531	51:49
Supervisor	157	181	338	51:49
Junior Staff	442	373	815	49:51
Total	991	779	1,770	49:51

Promotions by Gender – Nos.



Recognition and celebration of cultural diversity was demonstrated throughout the year, with employees organising and celebrating multi-religious and cultural events, and enthusiastically decorating their workspaces to commemorate these events, irrespective of their own personal religious and cultural affiliations.

Occupational Safety

DFCC Bank is committed towards occupational safety and measures are in place to prevent accidents and injuries in the workplace. Due to the nature of the work, the Bank employees are not generally subject to major injuries or hazardous substances. All premises of the Bank are considered non-smoking zones. The Bank also takes measures to regularly educate employees on occupational safety, health and related subjects. In 2017, programmes were conducted on first aid and fire evacuation while employees continued to be educated on how to deal with unplanned events. Two employees experienced minor injuries in the workplace, and the Bank responded by implementing measures to rectify the situation and ensure that such situations would not recur.

Collective Agreements

Due to the absence of employee unions, the Bank does not have a requirement for collective agreements. Market surveys are conducted every three years, as per the Remuneration Policy, to benchmark employee remuneration levels against that of competitors. Based on survey feedback and affordability considerations, adjustments are made to salary and benefits.