

Message from the Chairman



By combining the commercial banking mindset with the development banking mindset we have crafted over 65 years, DFCC Bank is well placed to leverage this expertise to build long-lasting relationships that benefit both our customers and our bank.



<http://dfcc2020.annualreports.lk/cm>

Dear Shareholders,

2020 saw the world go through what is possibly the most tumultuous period of our lifetime. 2021 sees hope renewed and the reality of the world reshaped. However, I do come across many discussions on “rebuilding Sri Lanka” and I have to admit that I am not a fan of the word “rebuild” – I do not feel we are broken. We have had a setback. The metaphorical wheel was reinvented in 2020 as businesses and institutions scrambled to rethink the way they worked and interacted, and I feel that after a year, businesses have adjusted to this new normal. Customer centricity and digital-first is the basis of our Vision 2025 strategy, and it is one that has proven to be extremely resilient and seen the Bank readily adapt to the changing situation in 2020. DFCC Bank is ready for business in 2021.

2021 will be a year of building loyal relationships. Relationships are what proved to be the most critical capital in 2020. While many were ready to write-off certain businesses and industries due to the impact of the pandemic, we saw value, not in the industries themselves but the relationships we have built with our customers. We saw that they needed our support in these arduous times and we stepped up – that is why DFCC Bank was one of the largest lenders in the market in 2020. This was not happenstance but the result of always thinking ahead. We had our processes, practices, and workflows up and running in the past year and we approach 2021 with optimism built on the experience of the past year.

Given the ongoing uncertainties, it would not be prudent to say that we are pursuing vast growth in 2021. We are more concerned with how our customers are doing and whether 2021 will be a better year for them. With that in mind, we are looking at achieving three things this year: building upon the existing relationships with our customers, building relationships with new customers, and building relationships with key players in underserved markets. We will accomplish this by combining the commercial banking mindset with the development banking mindset that we have crafted over 65 years. DFCC Bank is one of the few in the market who possess

this mindset and we are well placed to leverage this expertise to build long-lasting relationships that benefit both our customers and us. That niche expertise is what will see us through the year. We understand what it takes for businesses to recover from a rough patch or for start-ups to find their footing. While most commercial banks will seek to lend for up to five years, we can lend up to ten years because we understand the needs of our customers and are looking to build long-term relationships with them. While other banks are classifying industries by risk, we are willing to look at any industry with a fresh perspective. We have identified smaller industries such as the cinnamon trade to do business with and we remain bullish on the tourism industry despite the challenges it faces.

I would also take this opportunity to highlight that DFCC Bank celebrated its 65th anniversary in 2020, marking our presence as one of the oldest banks in the region and a pioneer in Sri Lanka’s banking sector. Over that course of time, we have refined our processes, evolved our vision, and we know where we are heading. Despite the challenges that 2020 wrought on the country, the Bank and its employees worked diligently and achieved a substantial amount of lending, brought in deposits, and strengthened our liquidity so as to not be reliant on development funding, and clarified the priorities of our various business units. Our numbers reflect this.

2020 challenged us like no other year. While our ongoing shift to becoming a customer centric, digital-first bank saw us more than adequately equipped to deal with the new social distancing norms, building and maintaining our relationships with our customers without being able to see or interact with them was an incredibly difficult feat. Managing uncertainty throughout the year was another key concern. We continued to invest in ways to get closer to our customers. We launched DFCC Video Chatz to give our customers that extra human touch and launched our new Pinnacle Centre in Colombo 07 to attract high-end customers. The Pinnacle proposition is a clear statement of intent by DFCC Bank that we are top-of-the-line relationship and liability bankers, that we are agile, and that we offer a bespoke service. These efforts are already paying dividends.

Our branches will have a refreshed approach in 2021 and go that extra mile to see who needs our support and how we can build new relationships. We will also be continuing our focus on building liquidity. Sustainability is also a major focus for the Bank going forward, with a new policy, strategy, and plan rolled out in 2020. We have set grand goals for the Bank to achieve by the end of the decade: to be the bank for Green Finance, to be a carbon neutral bank, and to achieve a sustainable work lifestyle by 2030. These goals will help the Bank to strengthen its own resilience and that of its stakeholders and of the nation.

I thank our shareholders for their continued support of the Bank. There is intrinsic strength in our statement of financial position, and I remain optimistic that despite all the hardships our country and our Bank has gone through these past few years, our resilient character has endured all challenges. Today, we are ready to go out and build our relationships. DFCC Bank is ready.

I would like to thank the Board of Directors for their guidance, our CEO Mr Lakshman Silva for his firm leadership of our Bank during extraordinary times, and the management team and our employees across all levels for their efforts to support our customers.

I would also like to express my gratitude for the support of the officials of the Central Bank of Sri Lanka and the Ministry of Finance.

Finally, I thank our customers for their continued loyalty, trust, and support of our Bank. We will continue to focus on your needs and provide you with outstanding service.



J Durairatnam
Chairman

17 February 2021