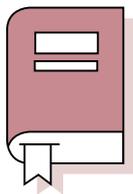


About this Report



This is our fourth consecutive Integrated Annual Report, one which also builds further on the triple bottom line reporting we had adopted a few years earlier. As an integrated report, it is a concise communication about how our strategy, governance, performance and prospects, in the context of the external environment, lead to the creation of value over time.

Value Creation and Capital Formation

The ability of an organisation to create sustainable value for itself depends on the value it creates for its stakeholders, making value creation essentially a two-way process. In fact, the more value an organisation creates, the more value it is able to create for itself. Therefore firms spend substantial resources on creating and maintaining relationships with their stakeholders. Value creation leads to capital formation. As a store of value, capital takes on a broader meaning in integrated reporting and constitutes the resources and relationships used and affected by an organisation. We classify capital that is owned by the organisation as being 'internal' capital, while capital that is not owned as 'external' capital. Ownership is irrelevant here as long as the organisation has access to and uses all forms of its capital to create sustainable value for itself and its stakeholders.

Our Management Discussion and Analysis is thus structured likewise, based on value creation and capital formation.

Comprehensive and Yet Concise

Taking forward the approach to reporting adopted last year, this report balances the need to communicate effectively through concise, relevant information (to a large and diverse stakeholder group), while at the same time providing comprehensive compliance-related disclosures (that would interest only a few). We are thus presenting our Annual Report 2015 in three primary formats:

- a concise report (what you are now reading) in print and CD formats which meets compliance requirements while communicating with an audience looking for the essentials in a nutshell;
- a comprehensive report for a universal audience in online html format [<http://dfcc2015.annualreports.lk>]; and
- a condensed 'annual snapshot' in print and pdf formats that communicates across a broad spectrum of current and potential stakeholders.

Going beyond mere 'annual' reporting we are also striving for a more 'current' format for reporting and are upgrading our corporate website with a focus on investor relations, duly supplemented by an investor relations app for smart phones and other devices.



Reporting Period

Consequent to the change of the financial year-end to 31 December from 31 March following the amalgamation with DFCC Vardhana Bank PLC and obtaining the commercial banking license, this DFCC Bank Annual Report 2015 covers the nine month period from 1 April 2015 to 31 December 2015 (period under review) and is different from our usual annual reporting cycle for financial and sustainability reporting adopted up to 31 March 2015. The previous Annual Report covered the period 1 April 2014 to 31 March 2015 (previous year), and is available on our website (www.dfcc.lk) along with quarterly filings and older Annual Reports. Some of the consolidated entities have a 31 March financial year-end and they are consolidated with DFCC Bank's reporting period with a three month time lag. A summary of the accounting periods covered by the Statement of Profit or Loss and Other Comprehensive Income in the Bank and the Group columns is given in the Financial Report (page 123).

Report Boundary

Consequent to the amalgamation, our reporting covers DFCC Bank PLC ('DFCC Bank' or 'Bank') and the DFCC Bank Group ('Group') comprising the Bank and its subsidiaries, a joint venture company and an associate company. The respective entities are duly identified where applicable.

Compliance

As declared on page 119 the Board of Directors of DFCC Bank, in the spirit of good governance, accepts responsibility for the entirety of this Annual Report 2015.

The information contained herein, as in the past, is in compliance with all applicable laws, regulations and standards. Additional details are given in the Corporate Governance Report (page 89), Financial Statements and the Notes thereon (page 122) and the Independent Auditors' Report (page 121).

In addition, we have drawn on concepts, principles and guidance from the Global Reporting Initiative (GRI) Sustainability Guidelines G4, the International Integrated Reporting Framework and the Smart Integrated Reporting Methodology™ in producing this Report.

Precautionary Principle

We take due cognisance of the social and environmental consequences of our actions, both direct and indirect. The latter are more significant and they arise from our lending operations, which are addressed through credit policies, the Social & Environment Management System (SEMS), post-disbursement supervision and risk management processes.

Comparability

The basis for reporting on subsidiaries, joint ventures and other entities, leased facilities, outsourced operations as well as any restatements and significant changes from previous reporting periods in the scope, boundary or measurement methods are disclosed where appropriate. They are in compliance with the reporting standards disclosed in the Financial Reports.

Queries

We welcome your comments or questions on this Report. You may contact the Secretary to the Board at our Head Office via email or snail mail through the contact details given under Corporate Information.