CAPITAL MANAGEMENT REVIEW

As a financial institution, our ability to create sustainable value depends on how effectively we manage and enhance our capitals, that we identify as per the Integrated Reporting Framework of the Value Reporting Foundation, viz. Financial, Manufactured, Human, Intellectual, Social & Relationship, and Natural Capital. In precisely aligning this universal reporting framework to our operations, we have identified a seventh capital, namely, Digital Capital given the strategic significance of digital drive in our overall business model. These capitals form the foundation of our business model, enabling us to drive growth, resilience, and long-term stakeholder value. Through prudent management and strategic investments, we continuously strengthen our capitals to navigate challenges, seize opportunities, and contribute to economic and social development.

OUR SIX CAPITALS AND HOW WE DEPLOY THEM IN DRIVING SMART GROWTH AND PROSPERITY

Human Capital

By cultivating a rewarding workplace where employees are valued, empowered, and given the opportunity to thrive in their careers.

Social & Relationship Capital

By empowering customers with tailored financial solutions, fostering mutually beneficial partnerships with business associates, and making meaningful contributions to the communities we serve.

Manufactured Capital

By delivering the joy of banking through strong customer relationships, personalised service from our dedicated relationship managers, and job creation in the communities where we operate.

Financial Capital

By generating enhanced shareholder value and fostering financial resilience among our customers, we drive sustainable growth and stability.

Natural Capital

By aligning our core business operations and sustainability initiatives with environmental preservation, ensuring responsible stewardship of natural resources. Read on for a full review of each how we utilised each capital and created value to our stakeholder, together with the Value Transformation Process presented on page 76.

Intellectual Capital

By driving sector innovation, leveraging tacit knowledge, and enhancing processes to improve resource efficiency and elevate service standards for our customers.

Digital Capital

By advancing Sri Lanka's banking and financial services sector towards a digitally powered, secure, and efficient transactional ecosystem, we enable seamless and innovative banking experiences.

FINANCIAL CAPITAL

We're continuously optimising our potential for growth, while streamlining our operations to support resource efficiency and drive a future of balanced, long-term stability and results.

The Japanese concept of pruning is founded on the idea of nurturing growth over time. It equates to building a structure of longstanding stability and resilience, while embodying principles of disciplined, careful management, a focus on efficient, focused growth and the art of long-term planning to achieve the best possible outcome.

Financial Capital Highlights

The Bank's strategy which focuses on further strengthening its business fundamentals, continued to deliver tangible results, improving financial performance, strengthening the Bank's financial position and enhancing investor confidence in the Bank. This section sets out how we enhanced our financial capital during the year through prudent financial management.

Financial Capital related Key Risks and Opportunities

Key Risks

- Intense competition in securing low cost deposits
- Any macro-economic shocks that may lead to interest rates fluctuations

Key Opportunities

- Strong signs of economic recovery and spillover effects on banking sector
- Overseas funding opportunities to be capitalised on, by leveraging experience in development banking and financing renewable energy sector

Key Components of Our Financial Capital

Total Equity **LKR 77.7 Bn** → Customer Deposits **LKR 631.7 Bn** → Borrowings **LKR 68.4 Bn**

Value Delivered

Healthy growth in core revenue streams including **7%** growth in NII and **9% growth in non-fund based income**

28% growth in profitability even excluding one-off gains from reversal of ISB provisioning

NIM of **4.34%** - the highest recorded

Record high Investor KPIs in including EPS of **LKR 21.73** and ROE **12.22%**

Driving Strategy

A strategic focus on portfolio quality management through rigorous monitoring of the loan portfolio

Efficient liquidity management through efficient treasury operations

Strong focus on managing NIMs through effective re-pricing of assets and liabilities and risk and capital efficient lending

Capital augmentation through Tier 1 and Tier II capital enhancement

How We Created Value in 2024

Contribution to SDG's

8 DECENT WORK AND ECONOMIC GROWTH

PERFORMANCE OF THE GROUP

The NDB Group, comprising National Development Bank PLC and its subsidiaries, achieved its highest-ever profitability in over 45 years, recording a Profit Before Tax of LKR 25.7 Bn - an impressive 136% growth compared to FY 2023. This was inclusive of a one-off gain of LKR 11.5 Bn stemming from the finalisation of the International Sovereign Bonds (ISB) restructuring. Excluding this gain, the Group's pre-tax profit from the underlying business grew 28% year-on-year, affirming the resilience of our business model.

The Group balance sheet also improved during the year with total group assets increasing by 2% to LKR 803.8 Bn as at 31 December 2024.

Group Performance Highlights

LKR Bn	2024	2023	%
Net operating income	44.0	26.0	↑ 70
Profit attributable to equity holders of the parent	9.8	5.8	↑ 70
Total assets	803.8	787.0	↑ 2
Total equity	84.2	75.9	↑ 11

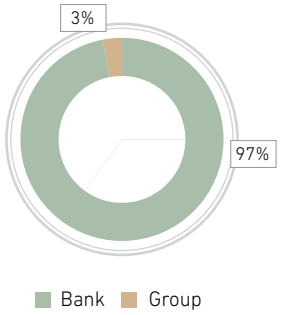
> The strength of our financial capital lies in its resilience, quality, and the unwavering trust of our valued shareholders and deposit holders. Their contributions fortify our capital base, enabling us to maintain stability while pursuing sustainable growth. We remain steadfast in our commitment to preserving and generating sound returns from this financial capital, ensuring its prudent deployment to fund transformative growth opportunities that create long-term value for all stakeholders.

Hasitha Athapattu
Vice President
Finance

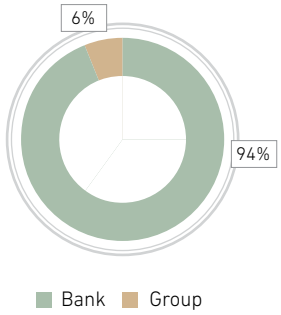
Segmental Performance

Commensurate to the asset base share, the majority of the revenue and profitability was generated by the Bank within the Group performance.

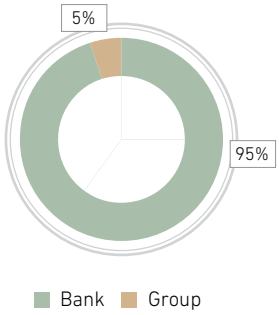
Contribution to Gross Income



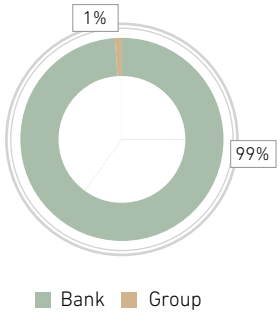
Contribution to Total Operating Income



Contribution to Profit Before all Taxes



Contribution to Total Assets



FINANCIAL CAPITAL

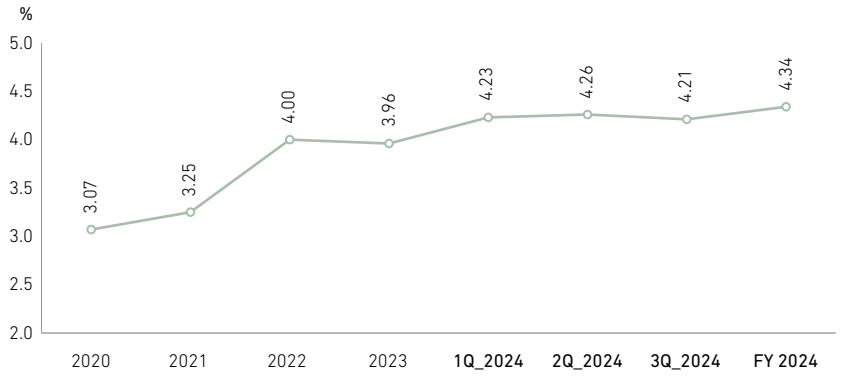
PERFORMANCE OF THE BANK

Income Statement

Fund Based Operations

Interest income which accounted for 89% of gross income posted a decline of 26% over 2023 (YoY) to LKR 88.1 Bn during the period amidst low market interest rates and modest loan book growth. Timely repricing of customer deposits meanwhile resulted in interest expenses declining by 38% to LKR 53.8 Bn and accounting for 61% of interest income in 2024 as compared to 73% in 2023. Consequently, Net Interest Income (NII) which accounted for 75% of the Bank's total operating income grew by 7% to LKR 34.2 Bn. The growth in NII driven by the Bank's prudent assets and liability management and timely pricing mechanisms ensured that the Bank's Net Interest Margin (NIM) continued on a growth trajectory, reaching 4.34% the highest-ever NIM achieved by NDB. Robust recoveries of non-performing loans also augured well in achieving a healthy NII. As explained through this Report, increasing NIMs was a key strategic focus area of the Bank through 2024.

NIM Performance

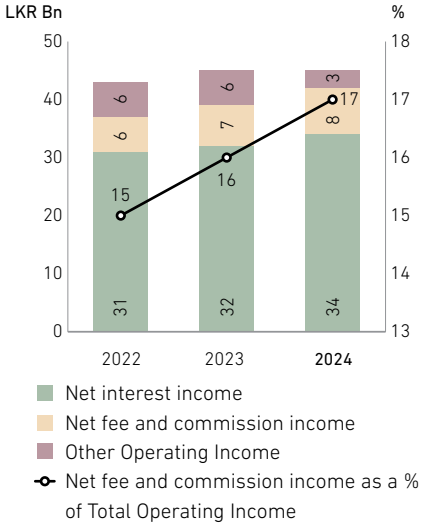


Refer Financial Statements Note No. 5 on page 277 for more details.

Fee Based Operations

Net Fee and commission income recorded a 9% growth to LKR 7.8 Bn during the period under review. Though marginal, the gradual increase in loan volumes, trade financing operations and digital banking transactions together with concerted transactions drive under the Bank's strategy supported the growth in fee and commission income. Reflecting its increasing contribution to the Bank's performance net fee and commission income as a percentage of total operating income increased from 16% in 2023 to 17% in 2024.

Operating Income



Bank's other operating income comprising net gains from trading, net losses from financial assets at fair value through profit or loss, net gains from derecognition of financial assets and other operating income amounted to LKR 3.5 Bn during the period compared to LKR 5.8 Bn in 2023, a 40% dip YoY.

Refer Financial Statements Note Nos. 6 to 10 from page 279 for more details.

Total Operating Income

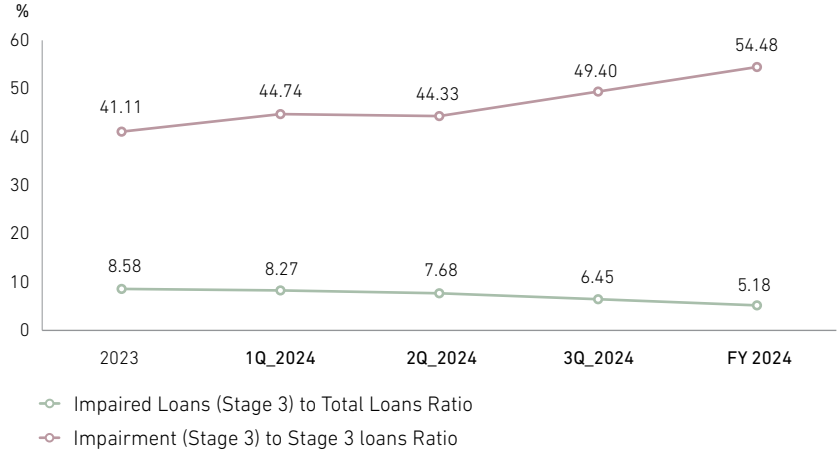
Supported by the increases in both NII and net fee and commission income, total operating income increased by 1% to LKR 45.5 Bn during the period with its contribution to Gross Income increasing from 34% in 2023 to 46% in 2024.

Impairment Charges and Reversals

The Bank posted a net impairment reversal of LKR 10.0 Bn comprising an impairment charge on the loan book of LKR 13.3 Bn and impairment reversal on the investment portfolio of LKR 23.7 Bn, on account of the finalisation of the ISB restructuring, the details of which are as follows;

LKR Mn	2024	2023
Charges/(reversals) to the Statement of Profit or Loss		
Loans and receivables to other customers		
- Impairment on individually significant loans	12,925	10,168
- Impairment on collective loan portfolio	156	5,500
Impairment on contingent liabilities and commitments	204	292
Total impairment charges for loans and receivables to other customers and contingent liabilities and commitments	13,285	15,959
Impairment charges/ (reversals) on financial assets	(23,707)	5,178
Impairment charges on investments in subsidiaries	78	7
Other financial assets	367	-
Total	(9,977)	21,144

Improvement in Loan Portfolio Quality



Loan portfolio quality improvement, another element of the strategy made considerable advancements during the year. The impairment charge on the loan book in 2024 was down by LKR 2.7 Bn (17% YoY) compared to 2023. Resultantly, Impaired Loans (Stage 3) to Total Loans Ratio improved by 340 bps to 5.18% whilst Impairment (Stage 3) to Stage 3 loans Ratio increased by 13.37 percentage points to 54.48% over the end 2023 position, continuing the progress maintained since 3Q 2023.

Refer Financial Statements Note No. 11 on page 282 for more details.

Net Operating Income

The aforementioned net positive impact of the impairment reversal led to a one-off gain in the profits, resulting in a net operating income increasing by 73% YoY to LKR 41.1 Bn.

Loss on Restructuring of Sri Lanka International Sovereign Bonds (SLISBs)

The Bank recognised a Day 1 loss on the newly issued bonds upon initial recognition, as they are recorded at fair value in accordance with SLFRS 9 –Financial Instruments. Additionally, the impact of the haircut was accounted for in line with SLFRS 9 requirements. Both these adjustments were charged to the Statement of Profit or Loss in 2024, and netted LKR 14.3 Bn.

LKR Mn	2024	2023
Day one loss on new instruments		
Financial assets measured at amortised cost	10,379	-
Financial assets Measured at fair value through other comprehensive income	369	-
Loss on haircut from previously held ISBs	3,595	-
Total	14,344	-

Please refer Financial Statement Note No. 12 on page 288 for more details.

FINANCIAL CAPITAL

PERFORMANCE OF THE BANK

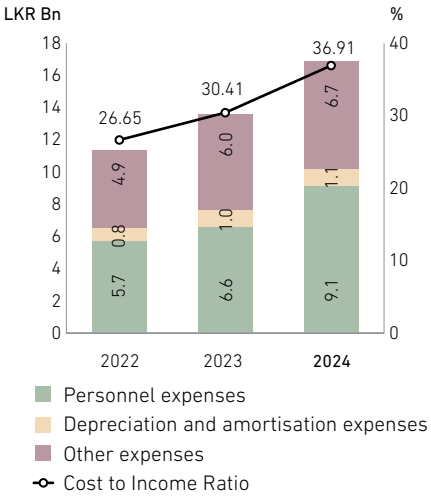
Income Statement (Contd.)

Operating Expenses

Total operating costs increased by 23% to LKR 16.8 Bn compared to LKR 13.7 Bn in 2023. The increase was mainly driven by an increase in personnel expenses which increased by 37% to LKR 9.1 Bn (54% of total operating costs). Other expenses which include expenses such as office administration and establishment expenses, deposit insurance expenses increased by 10% while depreciation and amortisation expenses increased by 11% due to additional investments in IT related equipment including computers. Despite continued inflationary pressure impacting operating costs, a concerted focus on cost management which included rationalisation of discretionary expenses and process automations and digitisation to drive greater cost efficiencies enabled the Bank to contain the increase in operational expenses at 23% and maintain a cost to income ratio of 36.9%.

Refer Financial Statements
Note No.s 13,14 and 15 in from page 291 onwards for more details.

Cost Management



Profitability

The one-off gain from the reversal of ISB provisions resulted in operating profit before tax on financial services recording an increase of 141% to LKR 24.3 Bn in 2024 as compared to LKR 10.1 Bn in 2023. Growth in Operating profit before tax on financial services excluding this one-off gain meanwhile was 28%, demonstrating the strength and resilience of our business model.

Taxation

Tax on financial services which comprised Value Added Tax (VAT) on Financial Services and Social Security Contribution Levy (SSCL) on Financial Services increased from LKR 2.7 Bn in 2023 to LKR 5.5 Bn in 2024 as a result of the increase in taxable income during the year.

Movement in Regulatory Tax Rates	2024	2023
FSVAT	18%	18%
Income tax	30%	30%
SSCL	2.5%	2.5%

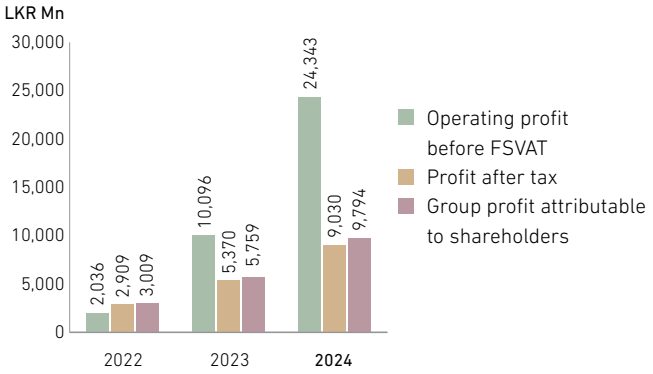
LKR Mn	2024	2023
Taxes on Financial Services for Bank and Group		
Value Added Tax on financial services	4,851	2,415
Social Security Contribution Levy on financial services	674	335
Total	5,524	2,750

Income tax expense for the year increased to LKR 9.8 Bn compared to LKR 1.9 Bn in 2023. The increase was on account of a deferred tax charge of LKR 7.0 Bn which led to an effective tax rate (including deferred tax) of 52% compared to an effective tax rate (including deferred tax) of 27% in 2023.

Refer Financial Statements Note No.s 16 and 18 in page 294 for more details

The Bank recorded a post-tax profit of LKR 9.0 Bn for the financial year ended 31 December 2024, a 68% increase over the prior year. Group profit attributable to shareholders was LKR 9.8 Bn, and increase of 70% YoY.

Profitability



Tax Management:

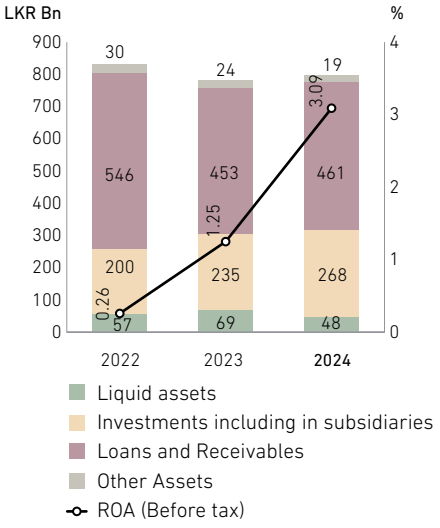
The Bank's tax strategy is formulated and implemented by a dedicated Tax Management Unit, driven by a team of highly skilled finance professionals. A tax consultant has been engaged to compute the income tax liability and handle the administrative functions relating to filing of income tax returns. Tax compliance is consistently monitored by Internal Audit, Compliance Unit, and the external auditors. The Chief Manager in charge of the Tax Management Unit liaises with the tax authorities on a regular basis, while engagement is also supported by the tax consultant. The Bank was fully compliant with all tax related regulations during the year.

Balance Sheet

Total Assets

Total assets growth was marginal at 2%, closing in at LKR 796 Bn and LKR 804 Bn at Bank and Group level respectively. The growth was supported by a moderate growth in gross loans and receivables which recorded a growth of 3% to LKR 510 Bn in the backdrop of gradually improving conditions for credit growth. The Bank also continued to increase investments in government securities to take advantage of the relatively higher yields offered on these securities. Accordingly, Financial assets at amortised cost which included investments in Sri Lanka treasury bonds increased 17% to LKR 177 Bn while financial assets measured at fair value through other comprehensive income increased by 13% to LKR 95 Bn.

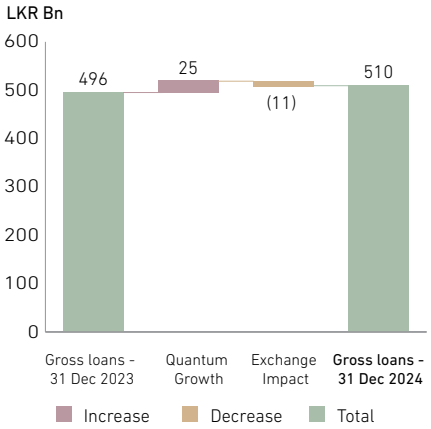
Total Assets Composition



Loans and Advances to Customers

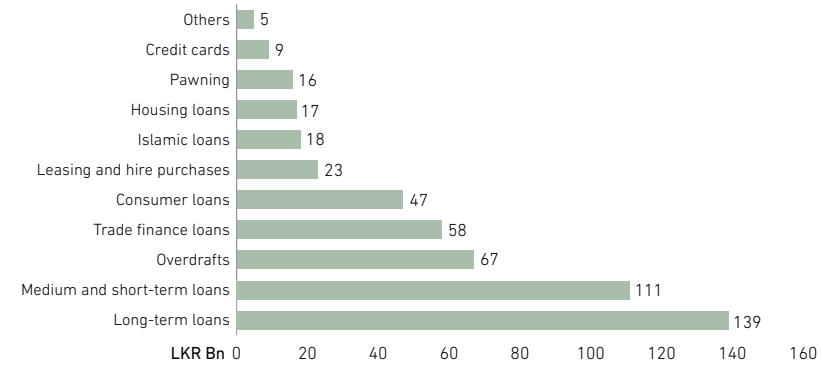
Gross loans to customers which accounted for 64% of total assets in 2024, recorded a growth of 3% to LKR 510 Bn compared to the 14% contraction witnessed in 2023. This was inclusive of a LKR 11 Bn negative impact stemming from exchange rates movement. While credit growth showed signs of a gradual resurgence towards the latter part of 2024, the Bank took a cautious approach, prioritising portfolio quality over quantity.

Movement in Gross Loans

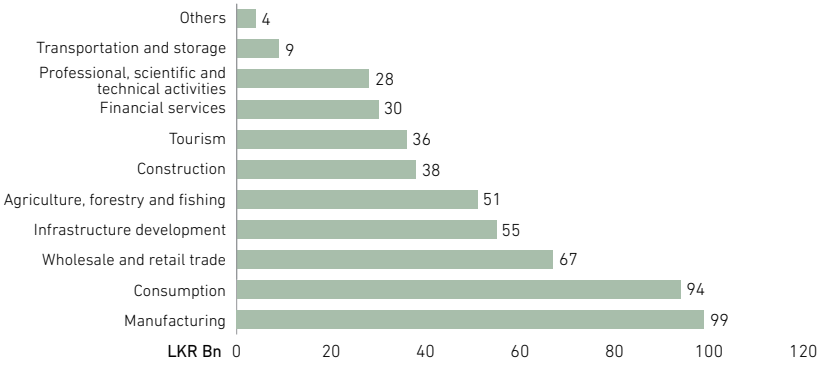


Portfolio Segmentation in 2024

Loan Portfolio by Product



Loan Portfolio by Industry



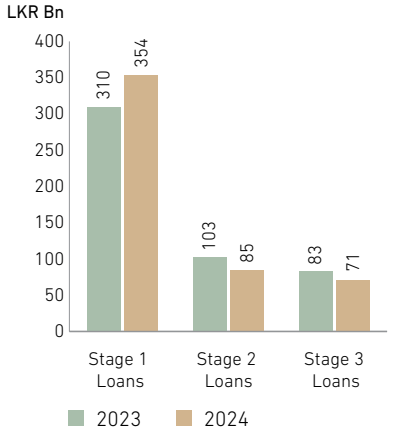
FINANCIAL CAPITAL

Balance Sheet Contd.

Portfolio Quality

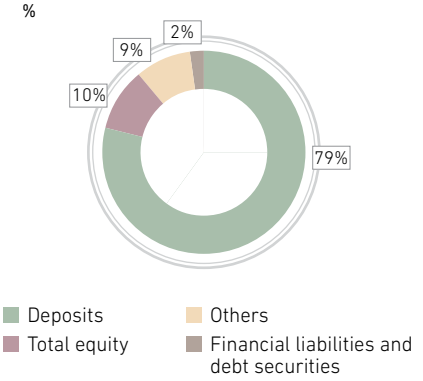
Portfolio quality continued to improve during the year reflecting lower default probabilities stemming from the improving economic conditions as well as our strategic focus on portfolio quality. Stage 2 loans decreased by 18% to LKR 84.5 Bn and accounted for 17% of gross loans as compared to 21% in 2023. Stage 3 loans decreased by 13% to LKR 71.4 Bn and accounted for 14% of gross loans in 2024 as compared to 17% in 2023. The Bank continued to focus its efforts on maintaining portfolio quality by engaging closely with financially distressed customers through business lines and the Bank's Remedial Management Unit.

Movement in Loan Portfolio Staging



Balance Sheet Funding

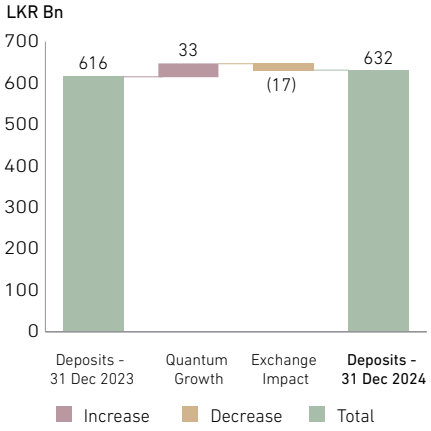
Balance Sheet Funding Composition



Deposits

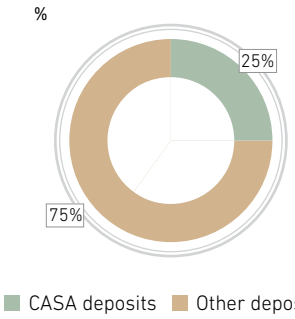
Deposits remain as the Bank's primary source of funding, accounting for 79% of the Bank's total assets in 2024. The deposit base increased by 3% in 2024, amounting to LKR 632 Bn as at the end of 2024. Targeted efforts to increase our deposit franchise enabled us to achieve this growth during the year. The deposits increase is net of a negative impact of LKR 17 Bn, stemming from exchange rates movement. 25% of deposits due to depositors in 2024 comprised of foreign currency deposits as compared to 29% in 2023. Within deposits, the low cost CASA base increased by 13% YoY, bringing the Bank's CASA ratio closer towards industry average.

Movement in Deposits

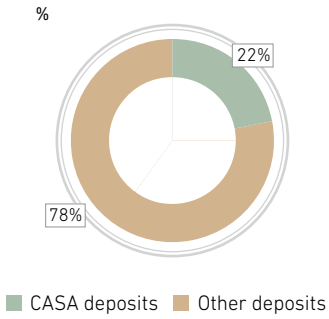


CASA Movement

CASA Base 2024

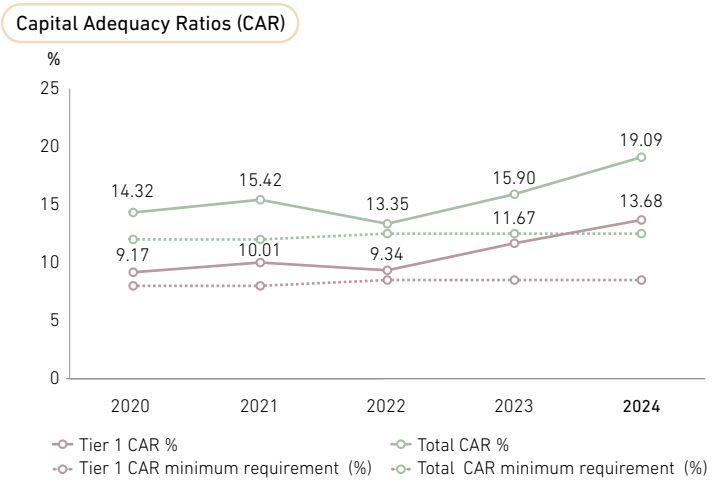


CASA Base 2023



Capital

Total equity enhanced by a healthy 11% through sound organic Tier I capital generation to LKR 77.7 Bn. Tier 1 capital increased to LKR 62.1 Bn as a result of the improved performance during the year and the increase in stated capital due to the 16 Mn ordinary voting shares being issued as scrip dividends in April 2024. Meanwhile Tier II capital increased to LKR 86.7 Bn as a result of NDB raising a total of LKR 10.0 Bn in Basel III compliant Tier II capital via two LKR 5.0 Bn tranches. Enhancements in capital was reflected in the regulatory capital ratios of Tier I and Total Capital Adequacy which stood at 13.68% and 19.09%, 518 bps and 659 bps above the minimum requirement respectively.

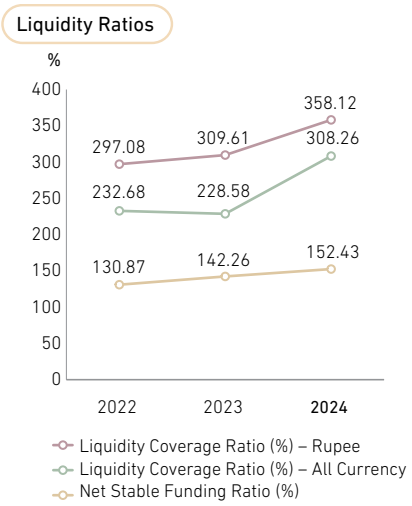


Liquidity

Sound liquidity management during the year resulted in a healthy liquidity position. with regulatory Liquidity Coverage Ratio (Rupee), Liquidity Coverage Ratio (All Currency) and Net Stable Funding Ratio stood well above the regulatory minimum requirement of 100% at 358.12%, 308.26% and 152.43% respectively.

Affirming the Bank's ability to meet its long term funding requirements, gross loans to deposit ratio during the year stood at 81% while the Net Stable Funding Ratio (NSFR) stood at 152.43% as at 31 December 2024 well above the regulatory minimum of 100%

The Bank's strong liquidity position allows it to effectively seize opportunities arising from the expected increase in credit demand in the near term while maintaining sufficient high-quality liquid assets to navigate potential short-term liquidity challenges.

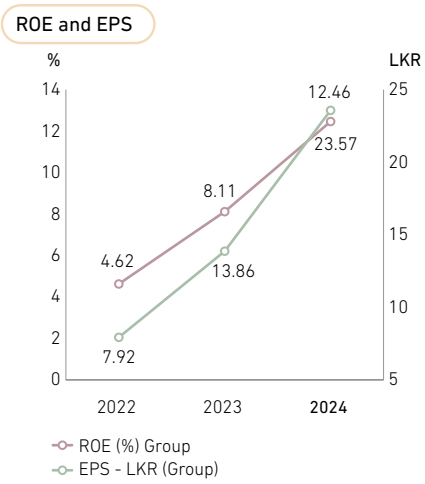


Investor KPIs

The strong financial performance during the year contributed to record high investor KPIs during the year.

Return on Average Equity was 12.22% up from 8.03% in 2023. Earnings per share reached LKR 21.73 from LKR 12.92 in 2023. Respective ratios at the Group level was 12.46% and LKR 23.57. Bank Pre-tax Return on Average Assets was 3.09% an, exceptional improvement from the 1.25% of the prior year. Net Asset Value per Share was LKR 186.91 and compared with a closing share price of LKR 113.25. The comparatives of these indicators in 2023 were LKR 175.60 and LKR 64.90 respectively. Group Net Asset Value per share was LKR 199.13 (2023: LKR 186.43).

Refer Investor Relation –
Key Shareholder Return Indicators on page 491 for more details.



FINANCIAL CAPITAL

FINANCIAL VALUE ADDED (EVA) - NORMALISED

For the year ended December 31	2024 LKR Mn	2023 LKR Mn
Invested Equity		
Total equity	77,665	70,147
Add : Allowance for impairment charges for loans and receivables and other losses	60,330	69,366
Total	137,994	139,513
Earnings		
Profit after tax and dividend on preference shares	9,030	5,370
Profit for the year excluding one off adjustment for debt restructuring	8,815	-
Add: Impairment for loans and receivables and other losses	13,285	21,144
Total	22,100	26,514
Cost of equity (Based on 12 months weighted average T-bill rate plus 2% for risk premium)	12.19%	20.80%
Cost of average equity	16,914	21,139
Economic Value Added	5,186	5,375

OUTLOOK

We are encouraged by strong signs of economic recovery and the expected spillover effects on the banking sector in terms of credit growth and lower default probabilities. We are however cognisant of persisting challenges in terms of continued pressure on margins and high NPL ratios. We will therefore continue to focus on our mid-term strategy of optimising cost of funds to drive NII, enhancing fee based income through transaction banking and enhancing portfolio quality. Meanwhile we will continue to strengthen our capital base whilst closely monitoring our liquidity levels to ensure a strong base for the expected growth prospects.

DIGITAL CAPITAL

Connected to a thriving, ever-evolving core of strength, we are continuing to expand our reach to build a robust, interconnected system that is responsive to surrounding needs and dynamics, while delivering high levels of efficiency and sustainable growth.

The intricate, complex branch systems of a tree are constantly growing – often adjusting their trajectories in order to optimise their growth and stability. The evolution of this far-reaching network enables new opportunities for growth, increases structural strength and stability and provides a vast framework that encompasses a wider audience.

Digital Capital Highlights

As an organisation that heavily leverages technology to drive its value creation process, NDB's digital capital plays a critical role in expanding the Bank's suite of products and services, connecting customers to enhanced experiences, streamlining internal processes and enhancing connectivity in this rapidly evolving environment.

IT related Key Risks and Opportunities

Key Risks

- Technological disruptions including system outages and software errors affecting services
- Continued and escalated investments required in staying up-to-date with evolving technologies
- Data security risks

Key Opportunities

- Use of data analytics to enhance the prediction and understanding of customer behaviours in developing curated products and customising service
- Improvements to customer experience through enhanced omni-channel support
- Use of Low-code/ No-code Development using AI assisted coding

Key Components of Our Digital Capital

Our Digital Platforms and Touchpoints

- NEOS Mobile App for Retail segment
- NEOS BIZ Mobile App for Business Banking segment
- NEOS Retail Online Banking
- NEOS Corporate Online Banking
- Bank's Website
- Social Media Platforms
- Automated Teller Machines (ATM) and Cash Recycle Machines (CRM) Network

Operating Systems and Software Applications that enable functionality

- Core Banking System
- Other Supporting Systems
- Licenses
- Enterprise Tools

Computer equipment and other related hardware → Data centres and hosting networks → ISO Certifications and security systems

Value Delivered

15% Growth in digital users

20% Increase in digital transactions volume

New features on the **NEOS app**

Automation of repetitive tasks through **24 RPAs and 69 Workflow** Solutions

Driving Strategy

How We Created Value in 2024

Leveraging disruptive technologies such as AI, RPA solutions and workflows to enhance internal processes and streamline operations

Nurturing a data driven culture across the organisation by enhancing our data analytics capabilities

Continuous investment in digital infrastructure to strengthen our position as a digitally enabled bank and respond to evolving customer demands

Enhancing information and cyber security through adherence to ISO certifications and robust security protocols

Contribution to SDG's

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

BUILDING OUR DIGITAL FUTURE

A robust IT governance framework and suite of IT policies and procedures govern the management of our Digital Capital. These policies and procedures clearly define our priorities, facilitate resource allocation and reinforce the overall internal control framework of the Bank.

The Bank is further guided by the global certifications, mentioned alongside which align with the recommendations of the Central Bank of Sri Lanka for licensed banks to enhance compliance and resilience.

Strong organisational alignment driving digitisation

At NDB, digital innovation is at the heart of our value proposition. Our dedicated Product Lifecycle Management (PLM) function actions this commitment by integrating digital focus into all of the Bank's products across every business segment. PLM takes ownership of product development within business lines, ensuring a holistic approach to digital transformation.

This strategy enables us to refine existing products, drive versatile new innovations with enhanced digital capabilities, and simplify banking experiences for all stakeholders. We believe that digitisation should be integral to a product's lifecycle - from design and implementation to operation and servicing. Therefore, PLM ensures that all products, services, and internal systems align with this vision, driving a culture of digital integration in everyday operations and transactions.

An Unprecedented Milestone

NDB is the only commercial bank in the country to achieve all three globally recognised ISO certifications, reflecting our commitment to ensure process standardisation and optimisation within the IT department.

ISO/IEC 27001: 2022 Information Security Standard

Became the first bank to upgrade to the 2022 version of the Standard

ISO 22301: 2019 Business Continuity Management Systems Standard

Having obtained the certification last year, a surveillance audit was carried out during the current year

Covers cyber-security as well

ISO 20000: 2018 IT Service Management Certificate

New certification obtained during the year for outstanding IT service management

DIGITAL CAPITAL

IT GOVERNANCE STRUCTURE

Oversight into the implementation of the digital strategy of the Bank is provided by the Bank Digital Subcommittee, which collectively possesses the necessary skills and expertise to evaluate matters related to technology (please refer page 245 for Bank Digital Subcommittee Report and page 32 for Board Director profiles). The Committee is headed by a Board member and meets once in two months to discuss the digital strategy of the Bank. Additional meetings are conducted on a needs basis as and when necessary.

With digital transactions and investments increasing in both priority and value, the Bank continues to strengthen its governance structure and risk management practices. The IT Steering Committee established at executive level meets every two weeks to discuss critical IT related matters as well as the progress of IT-related projects. IT risks and vulnerabilities are also identified and managed in a systematic manner through the clear demarcation of responsibilities, using the three lines of defence governance model.

Board of Directors	Responsible for approving strategy and monitoring the implementation of strategy and associated risks.
Bank Digital Subcommittee	Responsible for recommending Digital strategy and monitoring the implementation of strategy and associated risks.
Chief Executive Officer	Responsible for implementing strategy and managing associated risks, in line with business objectives.
Chief Information Officer	Responsible for heading the IT division, which has nine verticals.
IT Steering Committee	Responsible for formulating, overlooking and driving the Digital strategy of the Bank at Executive Leadership level.
Information Security Committee	Responsible for information security and technology resilience of the Bank in terms of both strategic and operational aspects of risk management.

Software Development	IT Operations	Infrastructure
IT Networking	Vendor and Contract Management	Application Support
IT Project Management	Security	Analytics and Transformation

THE IT TEAM

Our team comprises about 80 skilled professionals, each experienced in their respective roles within the IT department. The team is well-equipped to support the Bank's operations across diverse areas including IT projects, software development, information security and data analytics among others. We emphasise on strengthening the capabilities of our team through continuous opportunities for learning and development, facilitated by the Learning and Development pillar of the HR Department.

> IT advancement is at the heart of our strategic growth path as we strive to become a digitally savvy bank, unlocking smarter solutions for our customers. Guided by the Board's visionary direction, we continue to enhance our system capabilities and invest in the intellectual capital of our IT teams, ensuring cutting-edge innovation and seamless service delivery. While advancing our digital frontiers, we remain uncompromising in our commitment to data integrity and system security, safeguarding the trust of our stakeholders every step of the way.

Indika Gunawardena
Vice President
Information Technology/
Chief Information Officer

THE DIGITAL STRATEGY OF THE BANK

Our digital strategy is aligned to the Bank's overall vision of building a future-ready digitally enabled bank. The strategy focuses on future-proofing the digital eco-system of the Bank by deploying cost-efficient technology, optimising digital infrastructure and forging mutually beneficial partnerships that enable the Bank to tackle emerging challenges and sharpen its competitive edge.

The Core Banking System upgrade which took place in 2023 also played a pivotal role in driving the Bank's digital strategy by supporting day-to-day business operations, ensuring improved decision-making, delivering increased efficiencies and providing futuristic banking solutions which transformed the value proposition to stakeholders.

ELEVATING CUSTOMER EXPERIENCES

NDB's digital transactions accounted for nearly 93% of total transactions as the stability, reliability and security of our digital eco-system empowered the Bank to drive digital adoption among its existing customer base, while also attracting new customer segments.

Remaining committed to fostering a digital culture, the Bank aimed to strike a balance between conventional and digital channels through its suite of digital products, efficient systems and integrated technologies, thereby providing our customers with an elevated banking experience. Our digital touchpoints and platforms are designed in a way to enhance the user experience so that customers can effortlessly embrace digitalisation. Our staff are also continuously updated with the latest knowledge to address customer concerns and ensure the delivery of efficient service.

The following initiatives were carried out as part of the Bank's efforts to elevate its digital proposition and transform the customer experience:

- Introduced a cheque deposit machine to automate the process thus reducing customer turnaround time and paper cost. First machine launched at NDB Havelock branch
- Modified ATM client software to bring a better user experience with green PINs
- Encouraged digital onboarding and connectivity by ensuring all electronic channels are easiliy accessible for the Bank's customers
- Launched E commerce merchant acquiring business powered by VISA's CyberSource platform, enabling businesses to accept seamless and secure online payments through the NDB E Pay internet payment gateway
- Revamped NEOS Corporate Solutions which is the Bank's platform for large corporates, driving greater user-friendliness
- Continued adoption of "Digital Signature" reducing paper usage and expediting approval process
- Conducted awareness sessions on NEOS BIZ which is the first app specifically designed for SMEs, which has resulted in increased onboardings and adoption
- Connectivity of our key digital platforms with LankaPay Online Payment Platform (LPOPP) to allow our customers to seamlessly carry out payments to Government institutions
- Continued focus on building in-house digitisation capabilities

DIGITAL CAPITAL

Launch of E-Commerce Merchant Acquiring Business

In line with its commitment to digital innovation, the Bank successfully launched its E-commerce merchant acquiring business, further expanding its payment ecosystem. This initiative is powered by VISA's CyberSource platform, enabling businesses to accept seamless and secure online payments through the NDB E Pay internet payment gateway.

The platform supports multiple payment methods, ensuring enhanced convenience for both merchants and customers. With advanced fraud protection and secure payment processing, businesses can confidently expand their digital presence. This launch marks a significant milestone in NDB's journey towards fostering a cashless economy, empowering merchants with cutting-edge payment solutions while strengthening the Bank's position in the digital payments landscape.

ACHIEVING OPERATIONAL EXCELLENCE

Internal Process Enhancements

Our digital strategy aims to convert conventional banking practices into digital workflows by deploying disruptive technology such as RPA solutions. This has contributed to reducing the time taken to process transactions, thereby enhancing productivity, improving efficiency and ensuring ease of work for our employees as well as reduce costs. The Bank's Transformation Unit also conducts work studies on an ongoing basis to identify inefficiencies and provide solutions on how processes can be standardised and enhanced.

NDB's digital suite for internal customers (our staff members) was strengthened through the following:

> At NDB, our digital drive, exemplified by industry-first innovations through the NEOS platform, strengthens our commitment to delivering seamless and hassle-free banking experiences for all customer segments - be it individuals, budding SMEs, or blue-chip corporates. Guided by our tagline, 'The Future is Banking on Us,' we continuously gather customer insights to refine our digitised offerings and ensure they meet evolving needs. Our processes and people are fully aligned to bring the best of digital innovation, empowering our customers to unlock prosperity with ease and efficiency.

Damitha Silva
Assistant Vice President
Product Lifecycle Management

- Upgrade of RPA and workflow applications by updating to the latest software
- Conscious decision to go paperless by introducing digital signatures for approvals
- Simplification of processes including documentation by automating repetitive tasks
- Encouraging our staff to embrace AI through targeted training on AI tools and related developments
- Encouraging the use of digital channels to process transactions
- Carried out a pilot project on the automation of cheque deposits

Fine-tuning the Way We Work

The transformation in technology is revolutionising our work, adaptability and operational resilience. Our strategic foresight and willingness to break away from traditional approaches enabled the Bank to readily embrace the cultural shift to remote working at the peak of the COVID-19 pandemic. The Bank continues to explore other hybrid modes of working, ably supported by timely investments in IT infrastructure and ongoing focus on enhancing the IT capabilities of the Bank.

The Bank also utilises its investments in digital technology to ensure that operations are carried out seamlessly between the divisions. This has fostered synergies from within, which creates a sense of satisfaction among our employees and builds camaraderie between them.

The Bank has made significant investments in IT infrastructure. In alignment with this, the IT technical team has undertaken strategic initiatives to maximise resource utilisation by fine-tuning and re-engineering server components and support software. These optimisations have successfully reduced day-end and month-end processing times to a more efficient and manageable duration, achieving this improvement without the need for additional hardware upgrades catering to business volume growth.

We utilise low cost Cloud hosted test environments to reduce the carbon footprint. By leveraging latest technology versions within the cloud environment, our staff is exposed to latest trends and our applications become future ready where scalability and flexibility is ensured, have improved collaboration with cost efficiency.

HARNESSING THE POWER OF DATA

NDB has deployed advanced technologies to heighten its focus on big data, data analytics and predictive capabilities which has contributed towards nurturing a data driven culture and embedded data insights into the daily operations of the Bank. The implementation of a fully-fledged data warehouse in 2023 allowed the Bank to further harness the power of data analytics and improve decision-making, which resulted in enhanced customer experiences and improvements in operational efficiencies.

The Bank gathers insights generated through various analysis and frequently tracks performance using business intelligence reports and data visualisation tools including Power BI. Internal dashboards are developed by the analytics team and cover all areas of the organisation, supporting performance monitoring and providing visibility on day-to-day operations.

During the year, the Bank strengthened its analytics capabilities by expanding the Central Data Analytics team. The team carries out various analysis including product analysis, prescriptive analysis and predictive analysis, which supports the Bank in driving its strategy.

FORTIFYING OUR DEFENCES

Given our increased thrust towards digitalisation and the rapid expansion of our digital products and online services, safeguarding our investments in technology, ensuring the uninterrupted functioning of our systems and maintaining the confidentiality of customer information is a top priority for NDB.

With cyber risk emerging as a critical concern, the Bank continued to fortify its defences by strengthening its IT security infrastructure and protocols in place, which includes a comprehensive set of security controls spanning physical to logical security layers. The Bank has established a 24*7 Security Operations Centre (SOC) which is equipped with an AI-powered Security Information and Event Management (SIEM) system which enables rapid anomaly detection, automated correlation of security events, and intelligent response mechanisms, ensuring that potential threats are mitigated before they can impact the Bank's operations.

During the year, the Bank was awarded as the Best Cyber Resilient Bank in Sri Lanka, which is a reflection of the strength of our security protocols.

The Bank educates employees on the importance of IT security through ongoing training, awareness programmes and mock simulations. Customers are also educated on identifying financial fraud and maintaining hygiene of their devices, highlighting our commitment to maintaining high standards of security and operational resilience.

INFORMATION SECURITY AND DATA PRIVACY

The Bank's Information Security Policy suite is aligned with the ISO/IEC 27001 Information Security Standard, ensuring confidentiality and integrity of data while the information security committee overseas security related matters. The data warehouse has an in-built security layer with customer sensitive information masked using secure channels and accessibility restricted to selected individuals.

There were zero incidents of security breaches or substantiated complaints regarding breaches of customer privacy and losses of customer during the year.

DIGITAL CAPITAL

KEY IT SECURITY PROTOCOLS

- Biometric identification, One-time Passwords
- Annual vulnerability assessment and penetration testing
- Transaction monitoring systems
- Dark web monitoring
- Cyber threat intelligence and vulnerability management
- Next generation core and perimeter firewalls
- Anomaly based detection and response.
- Identification of malicious Android Package Kits (APKs) on client devices
- Proactive threat hunting

OUTLOOK

The Bank's digital strategy will continue to focus on driving digital adoption among existing and new customers, while enhancing the digital solutions offered by the Bank in line with the evolving needs of the customers. A key focus area will be on enhancing the user's experience by ensuring the efficient functioning of our systems as well as equipping staff with the right knowledge and skills.

We will also seek to utilise our in-house IT capabilities to improve internal processes and develop specialised systems by incorporating disruptive technologies including AI and machine learning.

With increased investments in digital infrastructure, maintaining security and privacy of information will also be a key focus area, and we will focus on nurturing a culture of awareness and responsibility from within.

Two specific projects to be launched in the first half of 2025, which will enhance our capabilities are as follows.

1. NEOS Mobile App – NEOS 2.0 will be built on the latest IT infrastructure, enhancing customer experience to a greater height
2. A new Loan Origination System (LOS) will be launched, automating the end-to-end loan origination and approval process within the Bank, eliminating paper work and physical movement of documentation for approvals thereby enhancing resource efficiency and process time

MANUFACTURED CAPITAL

We're wholly-focused on strengthening our tangible infrastructure and creating a far-reaching physical presence that connects individuals to a world of convenience, while enabling accessibility to the countless services we provide.

The benches and sheltered sitting areas such as viewing pavilions, arbors, gazebos and tea houses are iconic elements of Japanese gardens. These buildings and structures serve as a vital platform that improves visibility, enhances convenience and elevates the experience of surrounding communities. They position individuals to gaze upon an endless vista of possibilities and experience life to the fullest.

Manufactured Capital Highlights

Our Manufactured Capital plays an integral role in the value creation process by enhancing brand visibility, enabling customer reach and providing an effective platform to deliver the Bank's products and services augmented by financial advisory to our valued customers. Continuous investments in Manufactured Capital have enabled NDB to transform into a client-centric digitally enabled organisation, supporting our ability to deliver superior customer experiences.

Capital Specific Key Risks and Opportunities

Key Risks

- Increasing overhead costs due to rising utility costs
- Higher maintenance cost of aging infrastructure
- Erratic weather patterns affecting accessibility to physical touch-points, causing property damage, service disruption and financial loss

Key Opportunities

- Expansion to rural or underserved regions enhancing brand presence and opening new revenue streams
- Branches' potential to complement digital banking by offering hybrid solutions

Key Components of Our Manufactured Capital

Island-wide network of 113 Branches → Property, Plant and Equipment including IT infrastructure → ATM/ CRM Network which provides a range of banking services →

Other premises, including the Head Office housing the Bank's support service functions at strategic locations → Development Holdings Pvt Limited building in Colombo 02 → NDB Capital Building housing the capital market subsidiary companies in Colombo 07 →

Value Delivered

LKR 3.1 Bn Investment in PPE

LKR 631 Bn Deposits obtained through the branch network

2 Branches refurbished and relocated

5.2 Mn of transactions conducted using ATMs and CRMs

Uninterrupted service through the branch network

4.5/5.0 Customer Satisfaction rate

How We Created Value in 2024

Driving Strategy

Organisation-wide operational efficiency improvements through automation and digitalisation of processes

Enhancing the customer experience while strengthening mechanisms to measure customer satisfaction at the branches

Facilitating business growth, agility and penetration of the Bank's products and services through face-to-face interactions

Generation of employment opportunities through the island-wide branch network

Contribution to SDG's

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

10 REDUCED INEQUALITIES

11 SUSTAINABLE CITIES AND COMMUNITIES

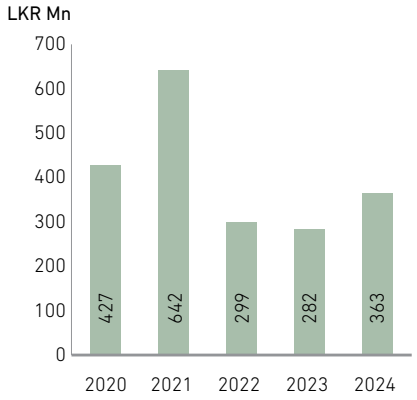
OPTIMISING OUR PHYSICAL INFRASTRUCTURE

We manage our Manufactured Capital through continuous investments that support the Group's business needs and growth aspirations. Over the years, our Manufactured Capital contributed significantly to transforming NDB into a customer-centric digital organisation by enabling accessibility and delivery of comprehensive banking solutions to our diverse clientele.

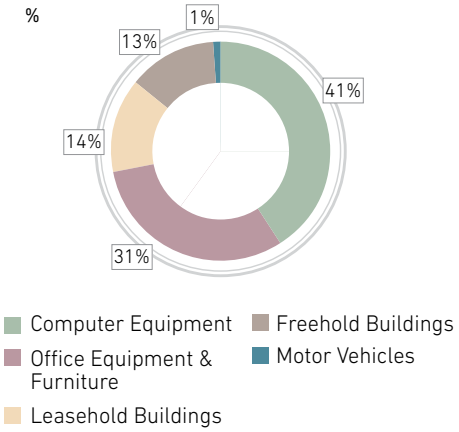
NDB's Manufactured Capital comprises both physical and digital infrastructure which includes investment property, right-of-use assets and other property, plant and equipment. (Digital infrastructure is segregated as Digital Capital and set out on page 123, given its increasing importance in driving the Group's strategy).

Property, Plant and Equipment amounted to LKR 3.15 Bn as at the end of the year, accounting for 0.40% of total assets of the Group.

New Additions to PPE



Composition of PPE



> With a strategically positioned network of 113 branches across Sri Lanka, NDB remains committed to supporting economic activity across all customer segments. By seamlessly integrating our brick-and-mortar setup with a robust digital banking proposition, we optimise our reach to valued customers nationwide. Our focus on rapid adoption of digital banking well complements our physical network services, offering advisory support for complex transactions and delivering service excellence through our dedicated and knowledge NDB team.

Zeyan Hameed
Vice President
Retail Banking

OUR NETWORK OF BRANCHES

NDB operates with a network of 113 branches strategically spread out across the island. The extensive branch network enhances brand visibility and drives customer relationships while providing an effective platform to deliver the Bank's products and services. There is presence in economically disadvantaged areas as well, enabling the Bank to increase banking penetration to the most undeserved segment of society, thereby facilitating financial inclusion. For example we have one branch in Monaragala District and two branches in Batticaloa District.

Additional offerings such as Privilege Banking and Islamic Finance are made available to customers island-wide through the branches, thereby ensuring deeper penetration of these propositions.

The branch network also facilitates NDB's Banking on Women initiative through dedicated resource personnel who are stationed at each branch to identify and address the concerns and needs of the female customers.

Selected branches are equipped with Financial Planning Executives, facilitating cross-selling of insurance products to our existing customers.

Branch Strategy

The Bank's current branch network provides accessibility to customers who value an in-person banking experience while complementing the Bank's digital drive. We have continuously enhanced the in-person banking experience at our branches through investments in advanced technology, refurbishments and renovations as well as fostering a customer-centric culture amongst our staff through training and development.

Although the footfall at branches gradually reduces as customers have moved to digital platforms for their transactions, the branch network remains pivotal to our success as it provides the human interaction that drives brand loyalty, customer engagement and mutual trust. Given the operating conditions that prevailed and the Bank's physical network and digital strategies, the Bank did not seek to expand its geographical footprint during the year.

BRANCH NETWORK MIS

ATM	Branches	CRM
74	113	91
ATMs	Branches	CRMs

ATMs and CRMs Network

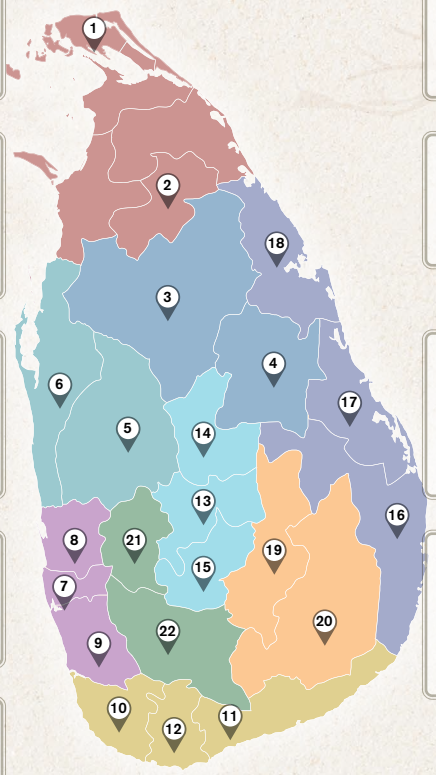
	North Western Province	Branches	ATM	CRM
5	Kurunegala District	6	7	2
6	Puttalam District	5	2	4

	Western Province	Branches	ATM	CRM
7	Colombo District	33	12	44
8	Gampaha District	14	10	10
9	Kalutara District	5	1	4

	Southern Province	Branches	ATM	CRM
10	Galle District	5	4	2
11	Hambantota District	4	2	1
12	Matara District	2	1	1

	Uva Province	Branches	ATM	CRM
19	Badulla District	3	4	0
20	Monaragala District	1	1	0

	Sabaragamuwa Province	Branches	ATM	CRM
21	Kegalle District	2	2	1
22	Ratnapura District	5	1	1



	Northern Province	Branches	ATM	CRM
1	Jaffna District	6	3	3
2	Vavuniya District	1	0	1

	North Central Province	Branches	ATM	CRM
3	Anuradhapura District	3	3	1
4	Polonnaruwa District	2	2	0

	Central Province	Branches	ATM	CRM
13	Kandy District	7	4	6
14	Matale District	2	3	1
15	Nuwara Eliya District	1	1	2

	Eastern Province	Branches	ATM	CRM
16	Ampara District	3	2	1
17	Batticaloa District	2	2	1
18	Trincomalee District	1	1	0

Branches Offering 365 Days Banking

District	No. of branches	Branches
Colombo	3	Mount Lavinia, Havelock Town, Rajagiriya
Kandy	1	Kandy City Center
Total	4	

Privilege Banking Touch-points

- Privilege Centre - Dharmapala Mwt, Colombo 07
- Privilege Hubs 5
  - Galle
  - Kandy City Center (KCC)
  - Pelawatte
  - Kurunegala
  - Kandana

Vintage

Vintage	No. of Branches
< 5 years	2
5 - 10 years	32
10 - 20 years	69
> 20 years	10
Total	113

ATMs and CRMs Network

Total onsite ATMs	47
Total offsite ATMs	27
Total onsite CRMs	66
Total offsite CRMs	25

Number of Branches Relocated During the Year

1

Number of Branches Refurbished During the Year

1

Key elements of our branch strategy for the year included:

Day-to-day Operations

- A branch work study was conducted together with an external consultant to improve branch operations and benchmark against industry best practices
- Ongoing focus on driving process efficiencies and cost optimisation
- Specialised training for branch managers in order to change their mindset and empower them in their roles

Customer Experience

- Providing a consistent service across the entire branch network
- Using digital platforms and screens including ATM/ CRMs to service customers
- Promoting the Bank2U proposition which enables customers to avail banking services from their homes/ businesses

Brand Building

- Upgrading branch layouts and ambience through refurbishments and renovations
- Face-to-face interactions at branches to complement the digital drive of the Bank
- Driving digital transactions by building awareness amongst the SME customers on the NEOS BIZ app

Reimagining our Spaces

The Bank continued to refurbish and upgrade the branch network in order to provide a superior experience to customers, while creating future-ready workspaces for our team.

We are committed to offering a modernised and ergonomically designed workplace to our staff as we strive to motivate and inspire them and ensure their well-being.

We are also embracing sustainable building practices such as natural lighting, open spaces, invertor technology and LED lighting in an effort to green our physical footprint

NDB's Havelock Town branch is being redesigned keeping the customer journey in mind. We have bought in a digital ambience to the new space, equipping the branch with minimal assets, digital screens and self-help kiosks powered with state-of-the-art technology, to enhance customer convenience, simplify processes and fulfill their needs.

OUTLOOK

We will continue to leverage our existing branch network to serve our customers as it complements the Bank's digital drive. Although we are not seeking intense geographical expansion, plans are underway to upgrade the existing branch network through refurbishments as we strive to create future-fit spaces. We will also look at branch optimisation through relocations to high footfall areas which will result in higher penetration of the Bank's products and services across all segments.

HUMAN CAPITAL

Our shared values and time-tested insights into our surroundings enable us to deliver excellence on all fronts. Strengthened by vast stores of knowledge, a dedication to collaboration, expert craftsmanship and a spirit of continuous improvement, we are armed with the recipe that will drive the achievement of our long-term vision in the years ahead.

As custodians of growth, Japanese gardeners are highly skilled individuals who have honed their knowledge over the years. Their expertise, teamwork and long-term commitment ensure they are perfectly positioned to adapt to challenges and strive to reach new heights of improvement year-on-year. Even as they focus on the details, each of their contributions accumulate to contribute towards the growth and advancement of a larger purpose.

Key Highlights of our Human Capital

Our employees play a pivotal role in driving business operations, facilitating superior customer experiences and ultimately ensuring the successful delivery of the NDB brand promise. As such, we remain steadfast in our commitment to supporting and nurturing them, through a holistic value proposition.

Employee related Key Risks and Opportunities

Key Risks

- Loss of experienced talent due to high levels of migration and greater labour mobility
- Difficulty in attracting high calibre talent due to limited availability of skilled professionals and gender stereotypes

Key Opportunities

- Upskilling and reskilling of employees allowing the Bank to create a digitally adept and future-ready workforce, aligned with the needs of modern banking.
- Redefining roles opening up pathways for employees to grow within the Bank while addressing evolving business needs

Key Components of Our Human Capital

Pool of 2,920 skilled employees operating at the head office and 113 branches island-wide → Years of industry knowledge and combined experience of our team → Female representation of 44% →

Value Delivered

LKR 3.1 Mn Value addition per Employee

LKR 9.1 Bn as payments to Employees

LKR 64.42 Mn investment in Training and Development

EDGE certified for Workplace Gender Equity

193,693 hours of Training

87.44 Employee Retention rate

Driving Strategy

How We Created Value in 2024

Ensuring a structured governance framework that embraces diversity and inclusion, while encouraging employee engagement

Ensuring physical and mental wellbeing of employees

Strengthening the employer brand and the Bank's appeal as an employer of choice through competitive benefits, career growth prospects and a strong culture

Providing opportunities for learning and knowledge-sharing to enhance skills and competencies of our team and build an agile and future-ready workforce

Contribution to SDG's

1 NO POVERTY

3 GOOD HEALTH AND WELL-BEING

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

10 REDUCED INEQUALITIES

MANAGING OUR HUMAN CAPITAL

A comprehensive suite of HR policies and procedures govern the Human Capital practices of NDB. These policies and procedures are compliant with the ISO 9001: 2015 standard and benchmarked against industry best practices, ensuring a relevant framework that promotes inclusive employment in an environment conducive to employee well-being.

All employees are required to adhere to the Bank's Code of Conduct which sets out the professional and ethical conduct expected from our employees when engaging with internal and external stakeholders.

The suite of HR policies and procedures is further supported by the HR reporting and governance framework in place, which is structured as shown below:

Board of Directors	Responsible for approving HR Strategy and monitoring the implementation of strategy and associated risks.
Board HR & Remuneration Committee	Responsible for recommending HR Strategy, policies and monitoring the implementation of strategy and associated risks.
CEO	Responsible for implementing strategy and managing associated risks, inline with the business objectives.
HR Function	Responsible for implementing HR strategy of the Bank in line with regulatory requirements.

At NDB, our human capital is the cornerstone of unlocking prosperity and driving smart growth. Empowered by innovation, collaboration, and continuous development, our people are the catalysts for building a sustainable future and delivering exceptional value to our stakeholders. They thrive in the Bank's inclusive environment and are supported in the pursuit of their own growth and aspirations. Together, we are committed to transforming potential into progress, and prosperity.

Lasantha Dassanayaka
Vice President
Human Resources

HUMAN CAPITAL

TEAM NDB

Comprising over 2,900 employees Team NDB is an asset, driving our strategic goals and sustaining our competitive edge. As an equal opportunity employer, we do not discriminate against employees, thereby ensuring a level playing field for all. Our HR strategy seeks to nurture a skilled workforce that fosters productivity, while enabling them to build fulfilling careers with us, through opportunities for growth and progression. The profile of our team is presented below:

Employees by Gender and Region

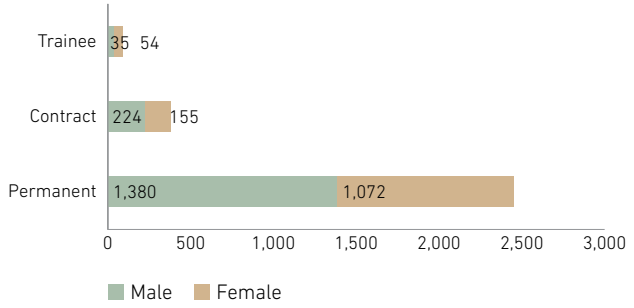
	Female	Male	Grand Total
Western	1,040	1,205	2,245
Southern	53	73	126
North Western	50	91	141
Central	46	81	127
Sabaragamuwa	25	55	80
Northern	27	48	75
Eastern	19	39	58
North Central	12	30	42
Uva	9	17	26
Total	**1,281**	**1,639**	**2,920**

Employees by Contract and Region

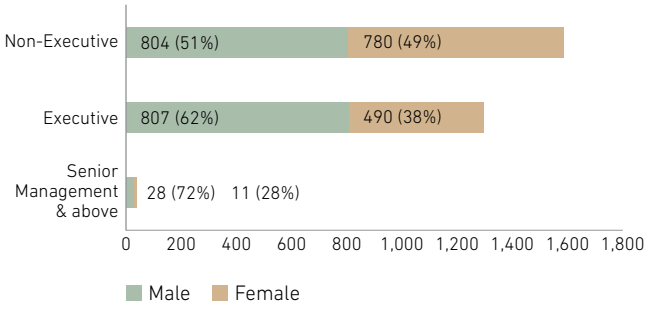
	Permanent	Contract	Trainee	Total
Western	1,869	319	57	2,245
Southern	107	12	7	126
North western	122	17	2	141
Central	107	14	6	127
Sabaragamuwa	66	9	5	80
Northern	65	6	4	75
Eastern	55		3	58
North Central	36	2	4	42
Uva	25		1	26
Total	**2,452**	**379**	**89**	**2,920**

- All our employees are engaged on a full-time basis.
- 83.97% of our employees are engaged on a permanent basis while the remainder is engaged on a contract or trainee basis for sales and non-critical functions.
- We promote regional economic empowerment by making every effort to recruit employees from the communities surrounding the branches.
- No staff in the senior management category was recruited from outside the Western Province.

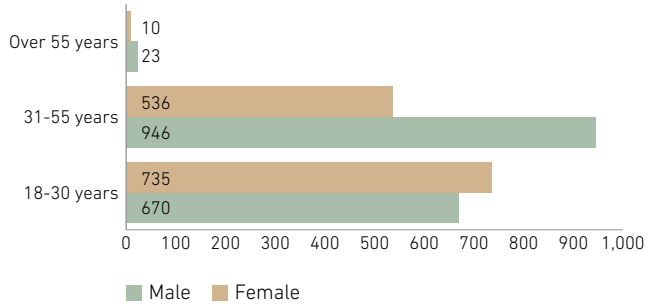
Employees by Contract and Gender



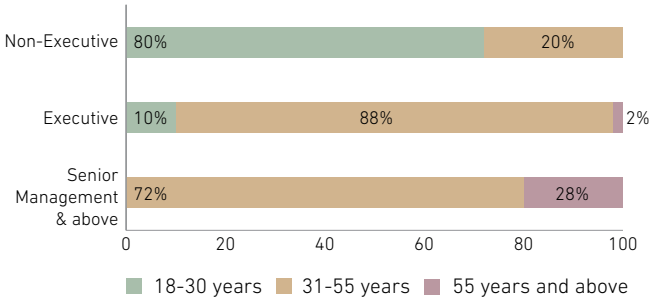
Employees by Staff Category and Gender



Employees by Age and Gender



Employees by Staff Category and Age



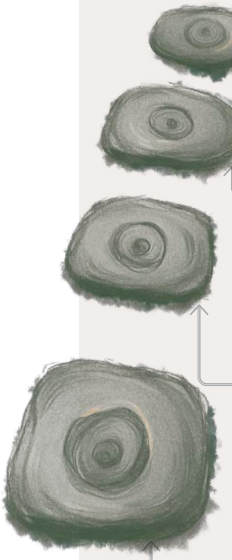
Workers who are not employees of the Bank comprise of those providing auxiliary services such as security and janitorial, engaged based on contracts. As these do not form core operations of the Bank, information pertaining to these indicators is not tracked.

TALENT ATTRACTION, RETENTION AND TURNOVER

NDB's recruitment policy ensures that individuals with the right skills, knowledge and qualifications are identified and recruited through a comprehensive process that seeks to provide equal opportunities. While preference is given to internal employees as we continue to encourage career progression opportunities, new talent is also hired on a needs basis.

Retention of employees continued to be a key challenge during the year, reflecting trends in migration. We sought to address this challenge by strengthening our talent attraction and retention strategies. As a result, we were able to successfully meet our talent requirements, while offering employees fulfilling roles.

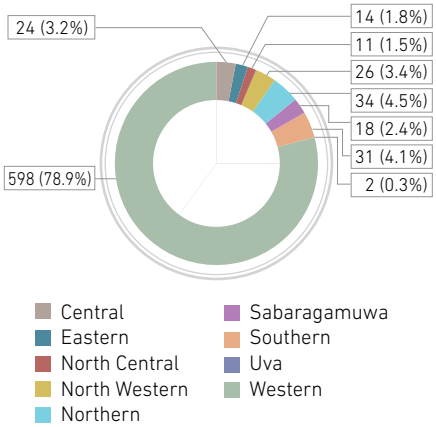
The talent pool was strengthened with 758 new recruits in 2024. 05 employees retired while a further 306 employees resigned during the year, resulting in an attrition rate of 12.56% during the year. (2023: 21.90%)



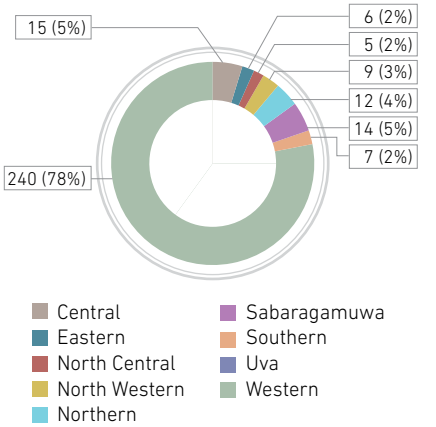
- Aligned individual career aspirations to organisational needs and goals
- Nurtured a unique corporate culture by strengthening engagement with employees
- Mapped employee competencies and delivered targeted training to suit individual requirements
- Remuneration and benefits were adjusted to align with the current market conditions

Movements in our team are graphically presented below:

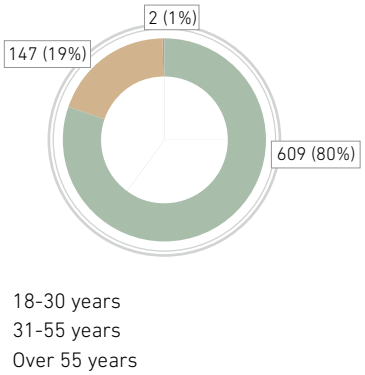
Recruitment by Region



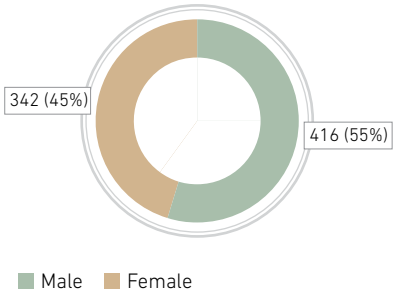
Turnover by Region



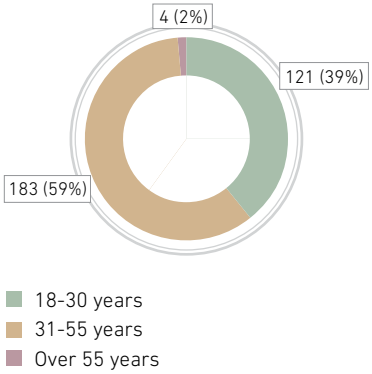
Recruitment by Age



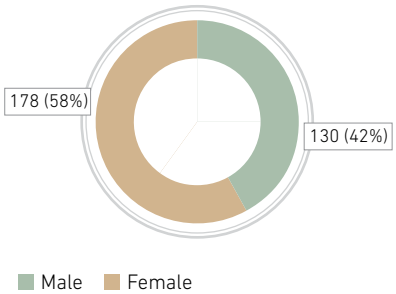
Recruitment by Gender



Turnover by Age



Turnover by Gender



HUMAN CAPITAL

STRENGTHENING REMUNERATION AND REWARDS

We offer a transparent, unbiased and consistent remuneration package that is on par with the industry's best practices. All our permanent employees are entitled to a performance-based variable pay component, in addition to the guaranteed fixed pay.

Having carried out in-depth market research including a salary survey to understand the current industry landscape, a new rewards strategy was implemented with effect from 01 January 2024, which had a positive impact on talent retention.

Additionally, our employees are also offered a wide range of statutory and other benefits designed to retain and motivate them.

Rewards and benefits

Guaranteed Pay and Allowances

- Fuel/ travelling allowance
- Leave pay/ holiday allowance
- Job specific allowance
- Accommodation assistance
- Weekend/ holiday banking allowance
- Fixed Bonus

Reimbursable Expenses

- Professional and club subscriptions
- Education assistance for MBA's

Retirement Benefits

- PF/ ETF, Gratuity (higher contribution to PF than what is stipulated by statutes)

Variable Pay

- Performance bonus
- Sales incentives and overtime

Other Prerequisites

- Holiday bungalow/ annual trip
- Medical insurance scheme
- Parental leave
- Toastmasters club
- Recreational club

Subsidised Loan Schemes

- Housing, vehicle, sundry loans

Of the above, holiday allowances, weekend/ holiday banking allowances, performance bonus, subscriptions and educational assistance are not provided to contract employees whilst different schemes/conditions are applicable for medical insurance.

Additional support extended to employees during the economic crisis was also continued during the year, and included

- Awareness sessions on managing employees' limited finances
- Ensuring employee well-being through regular engagement
- Providing concessionary loans based on their tenure of service
- Supplemental measures including Temporary Tax Relief allowance
- Enhancing employee Loan benefits

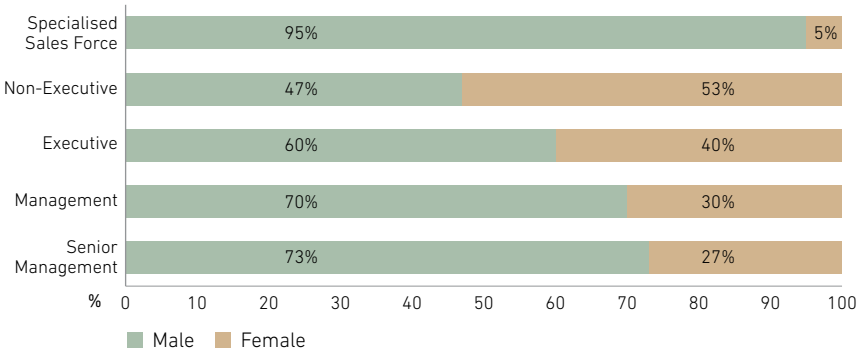
Employee expenses amounted to LKR 9.1 Bn during the year.

PERFORMANCE MANAGEMENT

All eligible employees are subject to a bi-annual performance appraisal based on pre-determined key performance indicators and rewarded through performance-based increments and bonuses. During the year, individual KPIs were revisited to ensure alignment with NDB's mid-term strategic priorities.

The appraisal contributes towards employee development by identifying training needs and facilitating discussions on career progression.

Percentage of Staff Receiving Regular Performance Appraisals



EMPLOYEE RECOGNITION

NDB's Annual Retail Banking Awards formally recognises employees for their hard work and dedication to the Bank. It has become the most sought-after event for employees of the Bank, boosting employee morale while aligning personal and organisational goals.

Rewards and benefits are thoughtfully designed to celebrate employee tenure, acknowledge outstanding performances and honour those consistently embodying corporate values while fostering a culture of appreciation and excellence.

National Development Bank PLC (NDB) reaffirmed its commitment to excellence by being recognised as a "Company with Great Managers" at the Great Manager Awards 2023. Hosted by the Colombo Leadership Academy for Leadership Excellence, this recognition celebrates NDB's exceptional leadership and managerial talent.

NDB's stellar performance at the awards ceremony saw seven individuals from the Bank's management secure awards across various categories.

GROWING OUR EMPLOYEE CAPABILITIES

Providing opportunities for training and development is a key aspect of our HR strategy, as we continue to focus on growing our employees' capabilities in the highly competitive banking industry. Our training proposition addresses specific competency requirements of each individual through targeted training programmes.

Details of our training and development interventions for the year are given below:

L & D Strategy for the Year

Implemented the GROW SMART initiative to shift the culture within the Bank and drive business focus on Transactions, Asset Quality and Margins. This initiative supported innovative and focused thinking using tools and techniques from a top to bottom approach, in both a business context and personal life context.

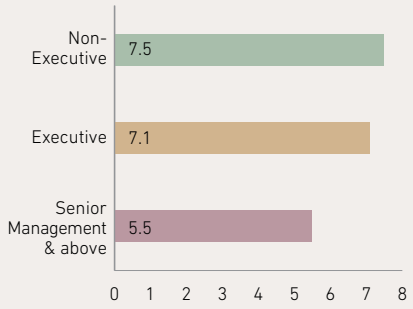
High levels of attrition required strategic learning and development initiatives to enhance the technical skills of our employees and maintain the required banking knowledge.

We have also rolled out management training programmes in order to build our leadership capabilities and create a strong leadership pipeline for the future.

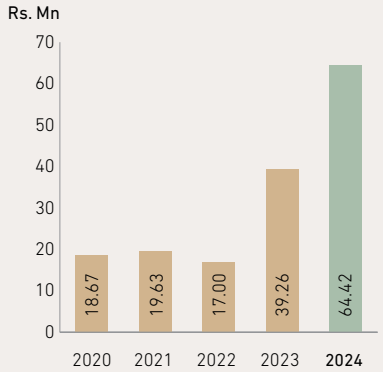
Training Record for 2024

LKR 64.42 Mn	193,693 hours	66.3 hours
Investment in Training	Total Training Hours	Average Training hours per Employee

Average Training Hours per Category



Investment in Training



Average Training Hours per Gender

51.2 hours	79.9 hours
Male	Female

HUMAN CAPITAL

Training Focus in 2024

General Health, Awareness and Other Programmes

70 programmes, 12,955 participants

Branch Operations and Customer Experience related Training

158 programmes, 5,118 participants

Inductions & Orientations

41 programmes, 1,220 participants

Leadership Training

58 programmes, 6,016 participants

Technical Training Programmes

68 programmes, 2,755 participants

Digital and Soft Skills Development

152 programmes, 1,914 participants

Training Delivery in 2024

Learning Platform Used	No. of Hours	No. of Staff	No. of Hours (%)	No. of Staff (%)
E-learning	48,243	13,905	13.9	46.4
Physical	296,266.5	15,788	85.6	52.7
Virtual	1,550.5	285	0.4	1.0

ACTIVE ENGAGEMENT

The Bank has a structured communication mechanism in place to ensure the seamless flow of information. Employee concerns are addressed through dedicated channels which ensure a confidential and impartial process for resolving issues.

Open Door Policy

Coffee with CEO sessions, quarterly All Staff Town-hall Meetings and HR Business Partner* discussions have fostered an open culture, encouraging employees to come forward with their concerns, grievances and suggestions.

*Each department of the Bank is assigned a dedicated HR Business Partner, who supports resolve any talent related issues, bridge competence gaps and enable progress of the respective teams.

Staff Meetings & "Fireside" Chats

Ensures effective communication and that employees at all levels feel heard, respected and valued.

Communication Mechanisms

Dedicated grievance handling, whistleblower and disciplinary process which encourages employees to report their concerns at any time.

"Reach HR'

This is a feature on the Bank's HCM system which facilitates real-time connectivity between employees and the HR team.

We also maintain active engagement with our employees through informal engagement events. These events contribute towards motivating our employees and strengthening morale while promoting work-life balance. Informal engagement activities carried out year-round include:

- NDB Avurudu Ulela
- Regional Sports Day
- Poson Bhakthi Geetha Competition
- Inter Department/Branch Bowling Tournament
- Inter Department Quiz Competition
- NDB Dinner Dance
- NDB Christmas Carols
- NDB Kids Party

Employee Surveys

Employee surveys provide valuable insight into employee work environments, engagement levels and work-life balance, while enabling us to assess employee satisfaction levels. Having participated in the Great Place To Work (GPTW) survey in 2022, the certification is purely on employee feedback and offers valuable insight into employee concerns and areas for improvement. Twenty areas were identified for enhancement and action plans to address these areas were formulated during the year, in collaboration with GPTW and the involvement of the senior management.

The ongoing International Finance Corporation (IFC) Respectful Workplace Survey is also expected to support the Bank's efforts in evaluating and enhancing workplace practices to meet competitive standards.

Trade Union Relationships

The Bank does not have any collective bargaining agreements in place. During the year under review, there were no material issues relating to employees and industrial relations which required disclosure. All employees are given adequate notice regarding any significant operational changes.

SAFEGUARDING EMPLOYEE WELLBEING

We have a Health and Safety Policy in place which ensures that the work environment is safe, secure and injury-free for all team members. Full-time employees are entitled to insurance and healthcare benefits including surgical and hospitalisation expenses among other benefits. Health and wellness programmes are also conducted on an ongoing basis in an effort to promote employee wellbeing,

Not only physical wellbeing but ensuring the mental well-being of our employees is a priority at NDB, particularly given the challenging operating environment and the broad-based impacts on the standards of living of the people in recent years. Emphasis was placed on ensuring mental well-being through NDB's employee wellness proposition NDBPAL, which is an element under the bigger umbrella of NDB Cares.

NDBPAL

NDBPAL offers counselling services targeted at ensuring emotional and financial well-being of our employees, as well as advisory on maintaining healthy relationships in their personal and work lives.

It is a holistic wellness proposition providing support to employees in partnership with professional service providers, while ensuring confidentiality. The proposition creates a safe space for employees to discuss issues they are currently facing, improve coping skills and develop effective solutions to address their problems.

HUMAN CAPITAL

DIVERSITY AND INCLUSION

At NDB, we are committed to cultivating a diverse, equitable and inclusive workplace which is free from any form of discrimination. This commitment is upheld by policies and procedures that ensure fair treatment for all.

GENDER PARITY AT NDB

Enablers

Our HR policy framework, practices and organisational culture drives gender parity across the organisation. The Bank ensures gender pay equity and consciously avoids gender bias throughout the lifecycle of an employee beginning from recruitment to retention, engagement, career progression and building their capabilities.

Conducive Policy Framework

Through its Anti-Harassment Policy, the Bank provides a clear framework for addressing employee complaints, while promoting a culture of respect and dignity. All employees are encouraged to actively report incidents of harassment and discrimination, reinforcing the Bank's dedication to maintaining a positive and supportive work environment. The Bank ensures confidentiality throughout the process, with investigations conducted either internally or by an appointed external party.

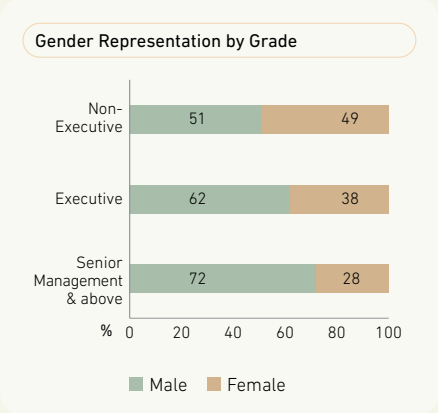
HR Practices

- Flexi-hours and Work from Home arrangements which has enhanced work-life balance for both male and female staff members. Employees are provided with the necessary infrastructure, technology and training for this.
- 'Dignity at Work' mailbox enables employees to raise concerns over behaviours that constitute discrimination, bullying, harassment and sexual harassment.
- Fearlessly Female Project empowers our female staff members in their roles.

COMPOSITION

We are committed to promoting gender equality in the workplace by ensuring female representation at every level. The Bank has maintained an enabling work culture for women working within the organisation, exploring alternate working arrangements such as **flexi-hours and Work from Home arrangements.**

We also provide maternity leave of **up to 100 paid working days** and designated nursing intervals for mothers, providing women the flexibility to remain in the workforce even after childbirth.



Parental Leave	Male	Female
Employees entitled to parental leave	1,639	1,281
Employees that took parental leave	47	36
Number of employees that returned to work in the reporting period after parental leave ended	47	25
The total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	55	47

342 (45)%
New Recruits
416 (55)%
New Recruits
192 (44)%
Promotions
241 (56)%
Promotions
178 (58)%
Exits
130 (42)%
Exits

HUMAN CAPITAL

BREAKING BARRIERS, LEADING CHANGE

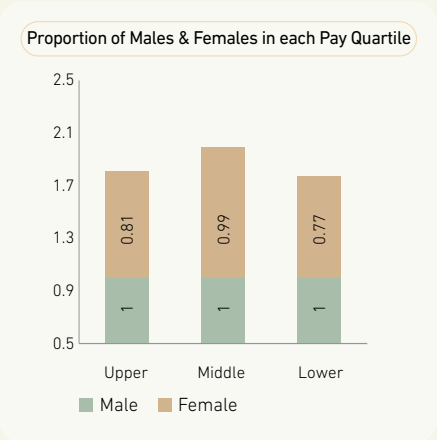
NDB has consistently maintained a high representation of females in its Board of Directors and the top management. As of this Report, three of our Board Directors and six members of our Leadership Team are females, making up 33% and 32% respectively. Notably, females lead several non-conventional functions at NDB. Some of these leaders are homegrown talent, while others are fresh talent brought in from outside, showcasing the equal opportunities available throughout the Bank.

Refer page 38 for full profiles.

Our six female Leadership Team members lead two business functions and four enabling/ control functions.

Gender Gap Indicators

NDB actively drives change to close the gender gap by encouraging discussions on addressing unconscious gender bias and creating a work environment for women to thrive. We do not engage in any form of gender-based discrimination when determining reward structures or offering promotions. The ratio of basic salary between women and men was 1:1.



RESPONSIBLE BRAND

We communicate a positive gender narrative throughout the organisation and the wider community. Our efforts have led to us being recognised as an employer that empowers and safeguards its female employees.

NDB actively encourages female participation and was the first organisation in Sri Lanka to receive the **Economic Dividends for Gender Equity (EDGE) certification** for workplace gender equity.

Our partnership with **Women in Management** empowers female employees by connecting women and allowing them to uplift each other. The platform provides leadership and guidance to nurture their knowledge and achieve their goals.

The certificate is the only global certification standard available for gender equity at the workplace and assesses gender balance, policies & procedures and pay equity.

OUTLOOK

NDB's holistic employee value proposition plays a pivotal role in attracting, nurturing and retaining the right talent. We will continue to support our employees by strengthening this value proposition, particularly emphasising on increasing employee engagement, career progression opportunities and skills development.

INTELLECTUAL CAPITAL

We're strengthening and expanding our knowledge skills, and capabilities to respond to the needs of the present and the future.

The art of Japanese gardening and pruning is constantly evolving – enabling the creation of a unique and dynamic identity that serves the needs of the people. Over the years, these underlying techniques and processes have been passed down from generation to generation, signifying a deep-seated commitment to sharing tacit knowledge and skills for posterity, while ensuring a future of continuous progress.

Intellectual Capital Highlights

The Group's Intellectual Capital is a key driver of business growth, which has enabled us to remain agile and competitive in an evolving banking landscape. We continue to nurture our Intellectual Capital base in order to understand changing customer needs and respond through innovative products, refined solutions and unmatched experiences.

Capital Specific Key Risks and Opportunities

Key Risks

- Increasing competition for talent land related potential increase in attrition
- Potential obsolescence of IT systems due to rapid upgrades in technology

Key Opportunities

- Attraction and retention of diverse and top talent
- Expansion of product and service offerings in response to evolving demographics
- Building trust and loyalty amongst our customers through a strong brand and service

Key Components of Our Intellectual Capital

Strong and dynamic brand → Organisational Culture and Tacit Knowledge of our Team → Fine-tuned Systems, and Processes → Dynamic Organisational Structure

Value Delivered

24 Robotic Process Automation in Place

First Bank in Sri Lanka to reach **100,000** subscribers on YouTube

Positioned **11** in LMD Readers Most Loved Brand: Service Brands

NDB WriztPay New Product launched

Driving Strategy

How We Created Value in 2024

Investment in brand building initiatives in order to enhance brand equity and build trust and loyalty among our customers

Process improvements through the automation of manual processes and elimination of repetitive tasks

Empowering decision-makers by ensuring the availability of high-quality real-time data to enable data driven decision-making

Nurturing a culture of learning and knowledge-sharing through continuous investments in training propositions

Digitising the customer experience through investments in the latest technology

Contribution to SDG's

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

HARNESSING OUR INTELLECTUAL CAPITAL IN UNLOCKING PROSPERITY

NDB continued to nurture the Group's intellectual capital base by placing focus on the core elements that build up this capital pool, thereby strengthening the NDB brand, investing in systems and processes and promoting a culture of continuous learning and knowledge sharing.

BUILDING BRAND RESILIENCE

Having undergone significant transformation over the years, NDB is recognised as a reputed and trusted financial partner. The Bank's digital prowess, customer-centric approach and targeted corporate brand building initiatives have immensely contributed to reinforcing the brand as a futuristic brand.

We conducted a brand equity study during the year to understand customer perceptions and identify areas for improvement.

Nurturing our brand equity is a priority for us, and we placed strategic emphasis on further strengthening the NDB Brand through the following brand-building initiatives:

- Positioning NDB as a future-ready bank through transformative initiatives that encompass digital capabilities and beyond, embracing adaptability and resilience to meet future challenges and opportunities.
- Adopting a multi-pronged content strategy spanning social media, digital PR, videos, and other forms of digital content to strengthen our online presence and enhance customer engagement across diverse platforms.
- Driving increased value to customers through a focused, customer-centric approach while empowering the corporates and SMEs through partnerships with external organisations.
- Promoting NDB as a lifestyle driven bank by offering multiple products to cater to different segments of society and different stages in life.
- NDB Pixel and Privilege Junior launched during the year, expanding our proposition to teens and minors respectively, thereby capturing customers from a very young age.
- Increased brand association with the youth through continued strategic sponsorships.
- Empowering women through targeted banking solutions which include financial and non-financial support. The Sri Lanka Vanithabhimana Awards programme which aims to recognise and reward women for their contribution to the economy was held for the fourth consecutive year (refer page 166 for Social and Relationship Capital).
- Achieving recognition for digital marketing excellence at the SLIM DIGIS 2.4 Awards, where the Bank was awarded Silver for the Best Digital Marketing Campaign in Banking/Finance for the impactful NDB Leasing campaign, Bronze for the Best Use of Experiential Digital Marketing for the NDB Talking Calendar, and a Merit Award for the Best Use of Creator/Influencer/UGC Content for the Banking Buddies campaign.
- Securing accolades at the 2024 Dragons of Sri Lanka Awards, NDB Bank's NDB Avurudu Island Campaign won the Silver Dragon in the Best Social Media/Word of Mouth Campaign category as well as the Black Dragon for the Best Small Budget Campaign.
- Maintaining a ranking within top three in press and digital article coverage within the banking sector throughout the year, demonstrating the Bank's consistent media presence and influence.

Our intellectual capital, encompassing our brand strength, advanced IT systems, robust processes, and the deep expertise of our employees, is at the core of driving value for all our stakeholders. Through a strong learning culture and the dedication of our team, we continuously innovate and adapt, enabling progress and unlocking prosperity. These elements empower us to deliver exceptional outcomes, fostering growth and success across every segment we serve, thereby unlocking prosperity in the lives of many that we serve.

K V Vinoj
Deputy CEO

INTELLECTUAL CAPITAL

BRAND VISIBILITY

The NDB Brand is frequently featured by independent parties among the Most Valued Brands in the country.

Ranked at 11th position

LMD Readers Most Loved Brand: Service Brands

>30

Awards won by the Group

The awards and accolades we have received have enhanced brand visibility, bearing testimony to the level of dedication in maintaining high standards of excellence.

(Refer page 402 Awards and Accolades)

We continued to organically grow our social media footprint by leveraging multiple platforms, which has also enhanced brand visibility.

Facebook Followers	490,000+
YouTube Followers	100,000+
LinkedIn Followers	84,500+
Tiktok Followers	29,500+
Instagram Followers	14,500+
X Followers	2,250+

During the year, elevating its digital presence to new heights, NDB was recognised with the YouTube Silver Creator award. The achievement is notable, as the first Sri Lankan bank to reach this milestone, highlighting NDB's dedication to leveraging digital platforms to connect with its audience and also demonstrating the Bank's effort in fostering a digitally engaged community. This feat is a testament to a channel's ability to engage audiences, build communities, and provide high-quality content. NDB Bank's YouTube channel has quickly become a hub for financial education, offering practical advice on banking services, insightful updates on market trends, and the latest on NDB's digital solutions. Moreover, NDB's ability to maintain a high level of engagement across its digital content has set it apart as a leader in creating valuable online experiences for customers.

HARNESSING OUR TACIT KNOWLEDGE

The collective knowledge and expertise within our team is a key source of competitive edge, providing deep insights into customer and market dynamics, improving efficiencies and driving strategy. We continue to find ways to harness this invaluable resource through optimised operations, investments in training and development and a culture of knowledge-sharing and mentoring.

Tenure of Service

22% of our employees have completed more than 10 years of service, equipping us with industry insight and experience to carry out our day-to-day operations.

Industry Engagement

Collaborations with industry stakeholders help us to stay informed, influence decision-making and advocate for the interest of the banking sector.

Expertise of the Leadership Team

Expertise and foresight of our management team enable us to navigate dynamic market conditions, thereby supporting the Group's long-term strategy.

Strong Learning Culture

Our employees are encouraged to think out of the box through a culture of learning and knowledge sharing.

Emphasis on Skills Development

Enhancing the knowledge and skills of our people through continuous investments in learning propositions.

Cross-Functional Capabilities

Knowledge-sharing within the Group is further enhanced through cross-functional committees with oversight responsibility for specific functions.

Data- Driven Decision Making

The Bank's decision-making is influenced by data and insights obtained through interactive dashboards, real-time insights, predictive models and data visualisation tools provided by the dedicated Data Analytics Team.

INTELLECTUAL CAPITAL

ROBUST SYSTEMS AND PROCESSES

Our systems and processes have been fine-tuned over the years, in order to drive efficiency and productivity of our operations. We continue to transform how we do things; through process improvements and ongoing investments in AI, further strengthening our capabilities and sharpening our competitive advantage.

The Bank also conducts work studies in order to identify process improvements and automation opportunities. to provide solutions through Robotic Process Automations (RPA) and Workflow. These efforts have contributed to improving the quality of data and control and reduce costs while availing our staff with more time to focus on specialised tasks and engage better with customers.

Robotic Process Automation (RPA)

- Deploying RPAs to automate processes which were carried out manually
- There are 24 RPAs with 16 new RPAs introduced during the year

Business Process Re-engineering

- Embedding workflow solutions through Business Process Re-engineering
- There are 69 workflows in operation with 13 done during the year

Process Improvements

- Bringing in ease of work, through the simplification of documentation
- Paper usage reduction supported by digital signatures for approvals
- Streamlining the credit management process
- Automating loan processing through a loan origination system.

DRIVING INNOVATION

At NDB, innovation is an ongoing process which differentiates us from the competition. The Bank utilises data-driven insights to understand customer requirements and offer innovative new products and solutions that cater to their evolving needs. The key highlights for the year include:

- Introduction of new products such as Privilege Junior, NDB Pixel, NDB WriztPay and Auto Cash.
- Launching of an Internet Payment Gateway (IPG) to support our Business Banking customers.
- Connecting NDB's key digital channels with the Lanka Pay Online Payment Platform (LPOPP)
- Introducing Host-to-Host which links the Bank's systems to the systems of corporate clients.
- Launching the TradeLinc platform, a system developed in-house for supply chain financing.

OUTLOOK

We will continue to strengthen our intellectual capital as it is key to driving value creation. Enhancing the NDB Brand through emphasis on customer centricity, integrated solutions and the digital journey will be a key focus area. We will also strive to provide a superior customer experience through continuous improvements in processes, nurturing a customer-centric mindset amongst our staff and building the capabilities of our team.

SOCIAL AND RELATIONSHIP CAPITAL

Built on the power of collaboration and connections, we're creating a shared space that uplifts the lives of those around us. We're nurturing an inclusive environment that enables us to foster longstanding relationships with diverse communities and support them on their onward journey towards fulfilment.

Japanese gardens provide a tranquil environment for individuals from all walks of life to share in a collective experience of life and abundance. The gardens often host community events such as tea ceremonies, cultural workshops or seasonal festivals, which offer a platform for engagement and participation and facilitates improved levels of insight into these diverse groups.

Social and Relationship Capital Highlights

Our Social and Relationship capital reflects the strong relationships we have nurtured with our customers, value chain partners and the community over the years. By continuing to nurture these relationships, we create mutual value, empowering our stakeholders while enhancing our operations and elevating our brand reputation.

Capital Specific Key Risks and Opportunities

Key Risks

- Migration of long-standing customers to other banks amidst an intensely competitive banking sector
- Potential unsubstantiated concerns circulated on social media which could lead to negative publicity

Key Opportunities

- Striking deeper relationships with customers, business partners and community by leveraging technology
- Forging stronger partnerships to drive positive change

Key Components of Our Social and Relationship Capital

Empowered Customers → Value Chain Partners → The Surrounding Community

- Over 300 registered suppliers
- Other business partners
- Industry stakeholders

Value Delivered

LKR 6.6 Bn as Payments to suppliers

LKR 6.3 Mn Spend on sustainability initiatives

4.5/ 5.0 Overall average **Customer Satisfaction Rating**

Uninterrupted service through the branch network

6% increase in customer base

Driving Strategy

How We Created Value in 2024

Empowering customers by ensuring their needs are met through targeted banking solutions, meaningful engagement and increased digital enablement

Leveraging eco-system partnerships to drive greater synergies and find innovative solutions throughout the value chain

Collaborations with industry stakeholders to address challenges faced by the banking industry and create a conducive industry environment

Building resilient communities through ongoing investments in corporate sustainability initiatives and playing a catalytic role in the economic revival of the country

Contribution to SDG's

4 QUALITY EDUCATION

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

10 REDUCED INEQUALITIES

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

BUILDING AND NURTURING OUR RELATIONSHIPS

We manage our Social and Relationship Capital in line with the Group's comprehensive set of policies, systems and processes. This ensures that transparent interactions are maintained with our stakeholders, fostering mutual value creation while leaving a meaningful impact within the communities we serve.

There were no reported incidents of corruption and/or fraud and no fines/penalties for non-compliance with laws and regulations pertaining to socio-economic compliance including customer health and safety, marketing/ product and service information and labelling and/ or marketing communications during the year. The Bank makes its communications on products, services and other announcements in all three languages (Sinhala, Tamil and English), where relevant.

We have a wide customer base ranging from individuals to large corporates and SMEs. Having identified the individual needs of these groups, our customer value proposition centres on delivering seamless banking solutions targeted at empowering each of these groups.

The unprecedented challenges stemming from the operating environment necessitated a strengthening of the value proposition through customised solutions and services. Our ability to be proactive allowed us to understand and effectively respond to the evolving needs of customers, who are at the heart of what we do.

> Our customers are at the heart of everything we do at NDB. By combining cutting-edge technology with the dedication of our empathetic teams, we are committed to delivering exceptional service that meets and exceeds expectations. Together, we strive to unlock prosperity and drive smart growth for our customers.

Camy Somasunderam
Assistant Vice President
Customer Experience and Contact Centre

Supporting Our Customers in Times of Uncertainty

Flexible Repayment Schemes and Concessions

Through our Remedial Management Unit, the Bank continued to offer flexible repayment schemes, interest concessions and reschedulements to customers facing financial difficulties.

Advisory and Support

The Bank maintained engagement by offering advisory services and customer support through regional educational programmes and forums on financial literacy.

Enhanced Accessibility

Customers were provided uninterrupted access to our services through the following:

- Island-wide branch network
- 24/7 Contact Centre
- Enhanced omni-channel experience

Addressing Customer Concerns

Dedicated channels were available to escalate customer concerns and provide a speedy solution.

Specially Trained Staff

Staff at customer touchpoints were equipped with the right resources to handle customer inquiries and direct them to the correct channels for remedial action.

SOCIAL AND RELATIONSHIP CAPITAL

Our Diverse Product Map

We offer our customers a comprehensive product range across the different business lines, in order to serve them better. Our product proposition covers the complete range of investment, lending and transactional banking solutions as presented below:

	Retail	Wholesale	Business Banking	PIF
Investment Products	⦿ Savings accounts (women's, minor, youth) ⦿ Investment Planners ⦿ Current accounts ⦿ Fixed deposits ⦿ Foreign currency deposits	⦿ Current accounts ⦿ Foreign currency deposits ⦿ Fixed deposits ⦿ Savings and call deposits	⦿ Savings ⦿ Time deposits ⦿ Current accounts ⦿ Foreign currency deposits	⦿ Savings ⦿ Fixed deposits ⦿ Foreign currency deposits ⦿ REPO
Lending Products	⦿ Personal ⦿ Housing ⦿ Education ⦿ Leasing ⦿ NDB Good Life Credit Card ⦿ Salary advances ⦿ Solar ⦿ Pawning ⦿ Vismitha loans	⦿ Term loans ⦿ Working capital finance ⦿ Trade services ⦿ Leasing ⦿ Cash management ⦿ Trade card services ⦿ Distributor/Supplier ⦿ Financing ⦿ Receivable Financing	⦿ CAPEX funding ⦿ Leasing ⦿ Trade services including export and import financing solutions ⦿ Cash management evolving and structured working capital funding ⦿ Distributor/Supplier ⦿ Financing ⦿ Receivable Financing ⦿ Industry specific working capital solutions ⦿ Refinancing schemes	⦿ Term loans ⦿ Islamic Banking for long-term financing ⦿ Financing for leveraged buy outs ⦿ Securitisation ⦿ Investment in listed securities
Other	⦿ Digital financial solutions ⦿ NDB Debit cards ⦿ Privilege Banking ⦿ Safe deposit lockers ⦿ Remittances ⦿ Bancassurance ⦿ Custodian services	⦿ Digital financial solutions ⦿ Custodian services ⦿ Trustee services	⦿ Digital financial solutions ⦿ Credit cards ⦿ Debit cards ⦿ Bancassurance ⦿ Custodian services ⦿ Trustee services ⦿ Cheque warehousing facilities ⦿ Digital banking solutions such as NEOSBIZ ⦿ Business advisory	⦿ Services on debt syndications such as lead arranger function ⦿ Facility agent function and Escrow agent function ⦿ Custodian services ⦿ IPO underwriting services ⦿ Cash collection services ⦿ Trade services ⦿ Trustee services
Customer Value Propositions	⦿ NDB Araliya for the women's market segment ⦿ NDB Aachara for senior citizens ⦿ NDB ZEE for youth ⦿ NDB Pixel for teens		⦿ NDB Jayagamu Sri Lanka for exporters, innovators and SMEs ⦿ Islamic Banking solutions	

Digital Banking Solutions

NDB neos
NDB neos Corporate
NDB WRIZTPAY
neospay
NDB neosBIZ
NDB neos Online

Lifestyle Products for Retail Clientele

NDB ZEE Digital Youth Account
NDB pixel
NDB Elevate
NDB Aachara In gratitude for your service
Araliya
NDB Shilpa Children's Savings
Salary MAX
NDB SHAREEK Together We Grow
Privilege Banking An experience par excellence.

Seamless Solutions for Corporates and SMEs

BANK2U
NDB ජයගමු ශ්‍රී ලංකා Jayagamu Sri Lanka
NDB TradeLinc Connecting the Dots...

Enhancing the Customer Experience

We maintain proactive engagement with our customers through multiple touchpoints, a year-round calendar of marketing and promotional activities as well as a systematic process for handling grievances and complaints. Regular engagement has contributed to enhancing the overall customer experience and driving the Bank towards achieving our goal of becoming a "Service Differentiator" in the industry.

During the year, the steering committee, which includes representation from senior management was re-instated and service leaders were re-appointed for all 113 branches and all department in order to re-emphasise Standard Operating Procedures (SOP). Service audits were conducted at all branches as well as departments which helped us to identify and escalate staff issues, service level gaps and infrastructure-related issues to relevant personnel and provide a solution.

Although our main customer touchpoint is the island-wide branch network, in recent years there has been a noticeable shift in customer preference towards digital channels of engagement. Therefore, in addition to providing the required training on customer servicing and related aspects for frontline staff, we also focused on enhancing our digital channels during the year.

Presented alongside are the initiatives carried out during the year to strengthen the Bank's customer service capabilities, which resulted in enhancing the customer experience.

Training on products and processes provided to the front-line staff through the Branch Network Management team to speed up the service standards

Carrying out Service Refresher training sessions for frontline staff, especially at the junior levels.

Enhanced the knowledge of staff across the Bank through new Electronic Delivery Mails (EDMs). These EDMs mainly addressed recurring issues and ways to overcome them.

Customer Service week was organised with greater innovation and engagement thereby celebrating togetherness in providing service to external as well as internal customers.

All staff members completed the new E-learning module created to refresh their knowledge on adhering to SOP guidelines.

Positive feedback from customers were featured in 139 **"We Go Beyond - Inspiring Service Stories"** shared with all NDB staff, in appreciation and recognition of individual staff members who demonstrated service excellence.

Shared cross functional feedback among staff every week to boost employee morale. This resulted in improved service to the customer as well.

Alignment with the Financial Consumer Protection Regulation through education on fair treatment of customers and handling customer inquiries, among others,

SOCIAL AND RELATIONSHIP CAPITAL

24/7 Contact Centre

The NDB Contact Centre employs 60 agents and is one of the direct touchpoints with the Bank's customers, providing 24/7 customer support. Contact Centre agents are continuously nurtured through training and updated knowledge, in order to ensure the accuracy and consistency of their responses.

During the year, the Contact Centre was able to consistently achieve service levels, with an overall performance of over 90%, and an abandonment rate of less than 2%. This is a significant improvement from previous years and was made possible through targeted coaching sessions and guidance for staff members.

Powered by state-of-the-art technology the main objective of the Contact Centre is to increase contactability and offer seamless channels for customers to connect with the Bank. The Contact Centre contributes directly and indirectly towards revenue generation through telemarketing, credit reminders and proactive engagement to promote new products and services based on customer analytics.

During the year, the following technical advancements were implemented to improve service delivery.

- Developed an AI chatbot which supports agents to handle customer inquiries related to product knowledge and other service-related aspects
- Introduced a 24/7 live web chat option for customers
- Introduced a separate hotline for high-net-worth clientele which routes the calls to dedicated staff members
- Proactively contacted customers who were locked out of their NEOS mobile app accounts in order to guide them to unlock their accounts and make effective use of the NEOS app

Answered **98%** of the calls received

Overall customer satisfaction score of **4.5** out of 5

Monitoring Customer Satisfaction

- QR-Code based Feedback Platform
- Contact Centre Customer Satisfaction Rating
- Walk-in Customer Rating
- Complaint Satisfaction Rating

We monitor customer satisfaction levels through structured feedback mechanisms that are in place. The Bank's QR-code-based feedback platform runs across the entire branch network, seamlessly capturing insights and measuring satisfaction levels of walk-in customers. Meanwhile, customers who connect with the Contact Centre are sent an SMS in order to gather service insights from them. We initiate immediate callbacks to customers who report low ratings in order to address their grievances and rectify the issue.

Findings from these monitoring tools are tracked and shared proactively with employees through internal communications. These findings help us identify areas for improvement and ensure the delivery of high-quality service.

- Continuous engagement with branches to convey the importance of obtaining customer feedback
- Obtaining customer feedback from all touchpoints in order to identify gaps in service levels and upgrade our service accordingly
- Monitoring and analysing customer concerns received through all channels and providing a speedy solution

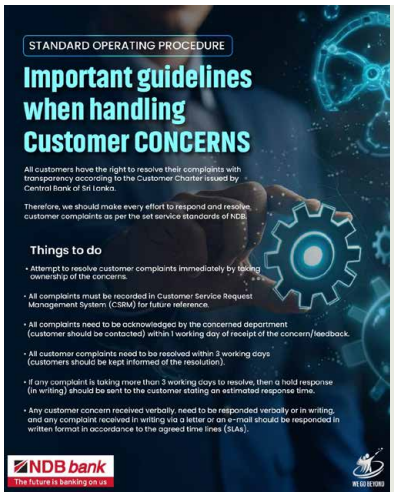
Assessing Service Delivery

	Service Indicator	Goals	Achievement
Contact Centre	Service levels of the incoming calls	To maintain 80% or more	90%
	Abandon rate	To maintain below 5%	2%
	Call quality effectiveness	To maintain at 80%	85%
	Customer Satisfaction Survey	To maintain above 4 out of 5	4.5

Customer Experience

	Service Indicator	Goals	Achievement
Internal Telephone Handling Standards	% of calls answered within 3 rings	80%	91%
Customer Feedback % QR and Account Opening Scanning	% Good and Very Good responses received	80%	**Good + Very Good** response % QR 99% **Account opening** 96% Walk-in 90%

		Total Received	Total Closed within SLA	SLA as %
Customer Requests and Concerns Handling				
Requests turnaround time	80% to be resolved within 3 working days	192,355	162,249	84%
Concern turnaround time	80% to be resolved within 5 working days	3,624	3,100	86%
Online Channels				
NEOS (Mobile app)	80% or more to be responded within 3 working days	51,296	46,081	90%
EMC (email channel)		27,468	24,035	88%


STANDARD OPERATING PROCEDURE

Important guidelines when handling Customer CONCERNS

All customers have the right to resolve their complaints with transparency according to the Customer Charter issued by Central Bank of Sri Lanka.

Therefore, we should make every effort to respond and resolve customer complaints as per the set service standards of NDB.

Things to do

- Attempt to resolve customer complaints immediately by taking ownership of the concerns.
- All complaints must be recorded in Customer Service Request Management System (CSRM) for future reference.
- All complaints need to be acknowledged by the concerned department (customer should be contacted) within 1 working day of receipt of the concern/feedback.
- All customer complaints need to be resolved within 3 working days (customers should be kept informed of the resolution).
- If any complaint is taking more than 3 working days to resolve, then a hold response (in writing) should be sent to the customer stating an estimated response time.
- Any customer concern received verbally, need to be responded verbally or in writing, and any complaint received in writing via a letter or an e-mail should be responded in written format in accordance to the agreed time lines (SLAs).

NDB bank
The future is banking on us

The NDB Team is constantly reminded and refreshed on knowledge pertaining to creating an exceptional experience for our customers

Customer Privacy

We are committed to safeguarding confidential customer-related information and have invested significantly in IT infrastructure and process controls, to ensure customer privacy. The Bank has in place a Board approved policy on Data Protection covering both statutory and regulatory requirements on fair and ethical use of customer data. Further, Bank has published the Privacy Notice on the Bank's corporate website www.ndbbank.com covering statutory requirements and customer rights under the Personal Data Protection Act of 2022. During the year, there were no complaints concerning breaches of customer privacy and losses of customer data.

SOCIAL AND RELATIONSHIP CAPITAL

EMPOWERING BUSINESS PARTNERS

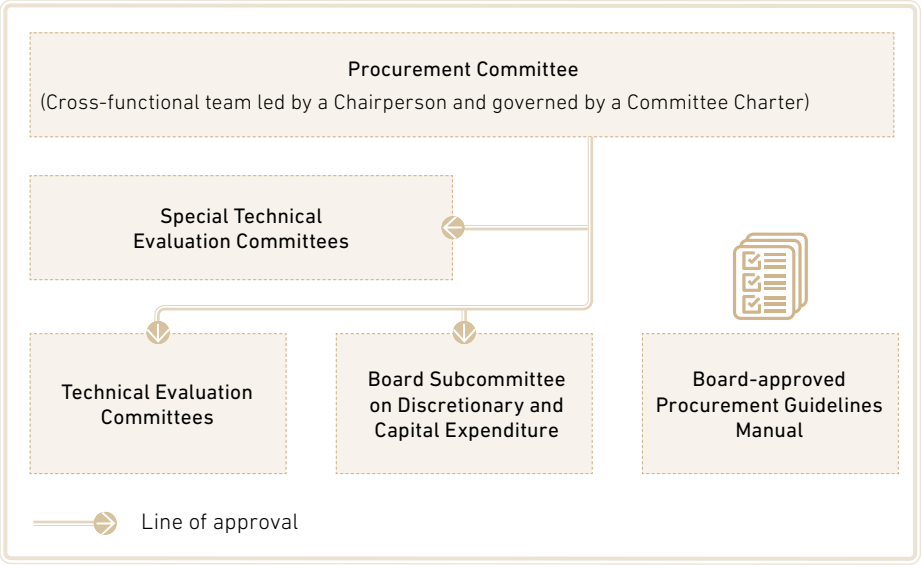
We work closely with an ecosystem of business partners, comprising over 300 suppliers and 84 correspondent banks. The relationships we have built with these partners unlock mutual value creation across the value chain by providing increased market access, creating market linkages, driving operational synergies, and ensuring continuity of operations.

The Bank maintains a pool of registered suppliers, mainly local corporates and SMEs, through whom we procure a range of IT and office equipment, other consumables, and services such as marketing, engineering, and consultancy. Potential vendors are identified through a comprehensive supplier assessment that considers factors beyond cost, such as quality, reliability, and sustainability.

Procurement is governed by a comprehensive, Board-approved Procurement Guidelines Manual, which is periodically renewed to reflect changes in the operating context. The Board has delegated approval authority of the procurement process to a Procurement Committee comprising senior members of the Bank representing multiple functions. When selecting suppliers, the Procurement Committee involves relevant departments and the technical committee to ensure transparency in the decision-making process.

Large-value procurements exceeding a set threshold are assessed by Special Technical Evaluation Committees (STECs) with cross-functional representation. A Procurement Committee member mandatorily serves as the Secretary to any STEC formed. The recommendations of the STEC are submitted to the Procurement Committee for final approval. For expenses beyond a certain threshold falling in to specified expenses categories, the approval of the Board Subcommittee on Discretionary and Capital Expenditure was required during the year, prior to proceeding to Procurement Committee approval, ensuring a robust framework for cost management.

Procurement Governance



Supplier Registration and Assessment

- Supplier registration is carried out once in two years following a call for suppliers through paper advertisements, the Bank's corporate website and social media based on 104 subcategories
- The supplier registration questionnaire covers environmental and social criteria thereby ensuring that selected vendors align with NDB's values, CSR principles and sustainability agenda

Code of Conduct for Suppliers

- The Supplier Code of Conduct covers the guiding principles related to labour practices and sustainable business operations that we expect our suppliers to comply with. This covers economic, social and environmental criteria and contributes towards increasing awareness and encouraging sustainable practices within the supply chain.

Supplier Engagement

- Carrying out comprehensive supply chain audits and utilising the findings for process enhancements.
- Exploring bulk purchasing
- Negotiating favourable terms and pricing
- Carrying out market surveys to identify favourable suppliers
- Dedicated channel for reporting supplier grievances via ndbtenders@ndbbank.com and a mechanism to resolve them

Collaborations with Industry Stakeholders

Members of our senior management actively participate in industry forums to share their expertise and knowledge with industry peers. The Bank also holds memberships in a wide number of industry associations and actively collaborates with stakeholders with the aim of contributing towards industry growth and development. A few examples include:

- Sri Lanka Banks' Association (SLBA)
- Institute of Bankers of Sri Lanka (IBSL)
- The Association of Professional Bankers - Sri Lanka (APB)
- Sri Lanka FOREX Association
- Payment Cards Industry Association of Sri Lanka
- Association of Banking Sector Risk Professionals
- Biodiversity Sri Lanka (BSL)
- United Nation's Global Compact Network Sri Lanka

EMPOWERING COMMUNITIES

We strive to build impactful relationships by providing inclusive financial services that empower our communities. The Bank's Sustainability initiatives also complement these efforts as they are designed to create sustainable shared value by delivering economic, environmental and social benefits to the wider community.

Driving Financial Inclusivity and Growth of SMEs

NDB drives financial inclusivity by extending the Bank's services to reach even the underserved segments of the market. The Bank utilises credit lines received through partnerships with International Finance Corporation (IFC), National Enterprise Development Authority (NEDA), Asian Development Bank (ADB), etc. as well as the Government of Sri Lanka to drive economic growth of rural and needy communities in the country.

The Bank fuels SME growth and champions exporters, entrepreneurs and innovators through its holistic value proposition, NDB Jayagamu Sri Lanka. Launched in 2020. the platform offers a one-stop solution that includes financial and non-financial support and has directly contributed towards the country's economic recovery, by aligning the Bank's growth strategies to areas of critical national interest. Over the five years NDB has reshaped and realigned support extended by NDB Jayagamu Sri Lanka in response to emerging challenges and evolving socio-economic conditions of the country.

Refer page 92 Business Banking for more information on support to the SME sector.

Multi-faceted support offered through NDB Jayagamu Sri Lanka is demonstrated below:

Financial Assistance

- Dynamic loan schemes at concessionary rates with expedited approvals; working capital facilities, pre and post export finance, trade related facilities and capital expenditure facilities
- Concessions on charges particularly on international trade

Non-financial Assistance

- Curated products to support the unique needs of SMEs
- Trade desk to facilitate exporters
- Access to foreign and local buyers through online platforms
- Capacity building and support through seminars on business registration, networking and financial management
- Advisory support

Eco-system Partnerships

- Partnerships with Export Development Board, Ceylon Chamber of Commerce, Daraz, Maersk, CodeVus, ICTA, ThinkCube Solutions, Cord 360, etc. to provide access to markets, networking opportunities and a range of other services
- Participating Financial Institution (PFI) of National Credit Guarantee Institution

Technology and IT Support

- Cash Management Solutions including gateway for payments and trade related transactions
- Payroll management
- ERP support
- Access to dashboards and real-time status of information
- Dedicated app, NEOS BIZ for SMEs

SOCIAL AND RELATIONSHIP CAPITAL

EMPOWERING WOMEN

NDB's Banking on Women (BoW) Platform, offers targeted banking solutions that are specifically designed to support women and encourage their financial independence. The platform caters not only to female entrepreneurs but also to those who are homemakers and salaried employees in the workforce.

In addition to offering a range of women specific products our proposition to women goes beyond banking to provide access to affordable finance, skills development programmes and identifying solutions to barriers which are often faced by women-owned businesses, thereby empowering women and ensuring continued commercial sustainability.

Through the power of partnerships NDB has enabled greater market access and networking opportunities for its female customers. These include:

- NDB is currently working with IFC and other partners for capacity building and skills development.
- Partnered with Satyn magazine to share knowledge on women centric topics of interest.
- Partnered with the Asian Development Bank (ADB) via the Government of Sri Lanka to extend advisory services and training on women empowerment to small and medium sized entrepreneurs.

Banking on Women Proposition

- Financial Inclusivity
- Financial Advisory
- Education & Awareness
- Recognition

> At NDB, we are proud to empower women through initiatives like NDB Araliya and Sri Lanka Vanithabhimana, strategically fostering long-term sustainable growth and meaningful impact. Women are pivotal to driving economic growth, especially in the post-crisis recovery journey of our country, bringing incremental value and heralding lasting positive change for countless families. By supporting women in unlocking their prosperity and driving smart growth, we remain committed to being a partner in their transformative journeys.

Sanjaya Perera
Senior Vice President
Personal Banking and Customer Experience

Key highlights 2024

- Commendable 53% growth in the Araliya deposits portfolio
- Overall BoW proposition growth of 4% and 12% in assets and liabilities respectively
- Revamping of the NDB Araliya Business Loan in Q4 - increased eligible loan amount from LKR 5.0 Mn to LKR 15.0 Mn
- Special credit card offers linked to women-centric events round the year such as International Women's Day, Mother's Day and Breast Cancer Awareness week
- 16 physical knowledge sharing forums conducted with a reach of over 600 females
- Fourth edition of Sri Lanka Vanithabhimana award recognition programme successfully held

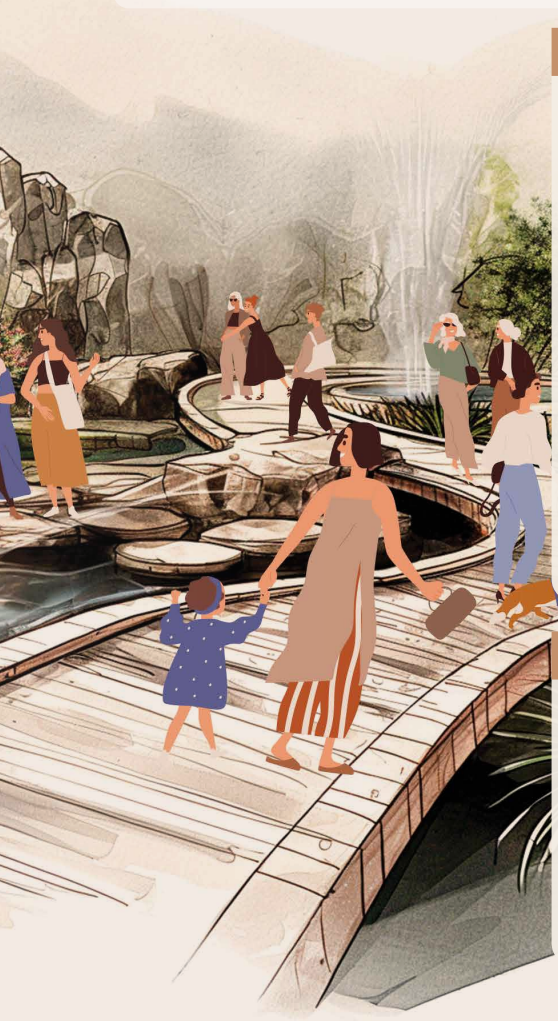
NDB Araliya

NDB Araliya is the Bank's bespoke initiative targeting women from all walks of life- from the grassroots to the more affluent segments of society, united by the goal of financial empowerment.

Bearing the slogan **"Giving you more than you want for yourself"**, NDB Araliya is specially designed to take care of women as they deserve all the care in the world.

Segments Served

- Salaried Women
- Homemakers / Housewives
- Entrepreneur / Women in Business



Financial Services

- In addition to Savings and Current accounts, the Araliya product proposition offers distinct banking solutions including Araliya Business Loans, credit/ debit cards and working capital facilities which offer preferential interest rates and free life protection cover, free hospitalisation cover for the Account Holder and immediate family, free medical checkups periodically for the account holder, gifts on 21st birthday for the account holder and a free Children's Savings Account at child birth
- The product also drives financial discipline and resilience in account-holders by providing bonus interest on continued monthly committed savings

The NDB Araliya Journey

- 2017 Launch of NDB Araliya Savings product
- 2019 Launch of fully-fledged NDB Araliya proposition
- 2023 Relaunch of the proposition of added features under the theme "Giving you more than you want for yourself"

Non-financial Services

- Includes access to Araliya knowledge sharing fora, mentoring and networking sessions and third party advisory service among others
- Reach of over 1.5 Mn interactions via both in-person and virtual fora since 2020
- Core areas of knowledge sharing
  - Business planning and management
  - Branding and Marketing
  - Going digital and online marketing
  - How to manage finances wisely
  - How to become bankable & women entrepreneurship
  - Financial Management / Business re-structuring / Over trading / Business management
  - Business excellence through digitalization and export orientation
  - Benefits transacting through formal banking channels

SOCIAL AND RELATIONSHIP CAPITAL

Sri Lanka Vanithabhimana

Sri Lanka Vanithabhimana is NDB's flagship awards programme which was conceived as a means to boost entrepreneurship and encourage women to participate and contribute towards the economic growth of the country. Jointly organised by NDB and Sirasa News 1st, the programme adopts a structured approach to recognise high performing females across multiple economic and social landscapes.

Through this programme the Bank was able to unearth truly inspiring and talented individuals who have the capacity and potential to grow. Evolving beyond just an awards programme, Vanithabhimana aims to provide capacity building in terms of technical support in financial management, maintenance of accounts, legal advice, accessing new markets and linkages with e-commerce websites to reach a wider market.

The programme comprises multiple rounds of evaluation by an esteemed panel of judges recognising females across eight categories at both provincial and national levels, namely Sports, Entrepreneur (Micro Scale), Entrepreneur (Small Scale), Entrepreneur (Up Coming), Social Services, Arts and Literature, Education Services and Young Leader.

Additionally, the Corporate Sector competition is tailored for professionals in fields such as HR, Finance, Sales and Marketing, State Sector, Tourism, Art, Sports and Entrepreneurship. The awards also include five lifetime recognitions and one most popular category award.

In the future we are looking at revamping the programme to propel selected individuals to the next level by providing education on financial literacy and grooming and supporting them on their entrepreneurship journey.

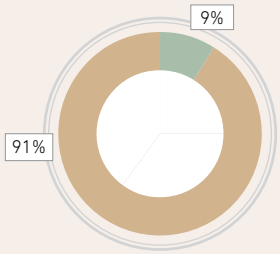
Impact of the Sri Lanka Vanithabhimana – Four consecutive seasons

- Total investment **> LKR 160 Mn**
- Total applications received **> 10,000**
- Total number of awards recipients at the Grand Finale **92**

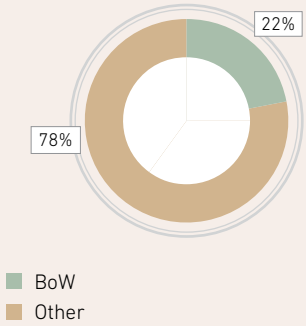
The **fourth consecutive edition** of the programme was concluded in **March 2024** culminating with a grand awards ceremony.

BoW contribution in the overall portfolios

Contribution to the Bank's Assets Portfolio



Contribution to the Bank's Liabilities Portfolio



OUTLOOK

The Bank's BoW proposition will forge ahead with added vigour in 2025. Clearly articulated growth targets in both assets and liabilities, supported by identified initiatives will be pursued. Preference will be given to women-led businesses when allocating funding received by the Bank from various credit lines. We will also re-visit the concept of having an advisory panel to uplift the current standards of the business, and thereby assist the for women-entrepreneurs to reach the next level.

The Sri Lanka Vanithabhimana programme is set to be remodeled with a long term sustainability focus, on empowering women by up skilling, providing financial assistance, introducing market places and developing them to become exporters as the end goal.

EMPOWERING OUR COMMUNITIES

NDB's Sustainability Agenda is strategically aligned to the United Nation's Sustainable Development Goals (UNSDGs) as well as its brand focus, which is to be a 'Futuristic Bank'. Guidance and oversight into Corporate Sustainability initiatives of the Bank is provided by NDB's Corporate Sustainability (CS) Committee. The Bank's CS agenda considers several factors including societal and environmental needs, impact, resource availability and access to relevant expertise when prioritising and selecting projects and engages in projects that meet the following conditions.

- Create long-term impact
- Support climate action
- Empower youth
- Revive the eco-system
- Benefit future generations
- Wider reach
- Make our nation 'Future Ready"

There were no significant negative impacts on local communities through our operations during the year. The key pillars of our CS agenda are as follows:

- Preservation and conservation of the environment. (Refer Page 180 Natural Capital)
- Supporting education
- Employee volunteerism
- Special projects to serve specific community needs

Education

Sahasak Nimayum - National Invention & Innovation Competition

Sahasak Nimayum is a platform for inventors to showcase and promote their inventions and innovations. The competition is carried out with the aim of enhancing the creativity of the nation and is open to both students and adults. Not just for the locals, the competition is open to international inventors as well, thereby providing exposure to local inventors on foreign trends and bridging the technological gap.

Promoting inventors will not only contribute towards the economic growth of the nation but will have ripple effects on other areas such as education, healthcare, arts and culture and agriculture among others. It will also create an entrepreneurial culture which is important for the nation.

This competition is not merely a recognition programmes, it also provides training and education through a number of workshops as well as expert advice. The winners are also assisted in securing patents and the goal is to link them with entrepreneurs who will support them to commercialise their inventions.

Project Partner:		
Sri Lanka Inventors Commission, a statutory body operating under the purview of the Ministry of Science and Technology, is the forerunner in facilitating and promoting local innovation and creating an innovative culture among students.	**LKR 1.0Mn** Investment	Over **1,800** inventions evaluated in all Provinces with over **590** inventions selected for the National Level

SOCIAL AND RELATIONSHIP CAPITAL

Education

Education for Conservation

Human-wildlife issues have increased rapidly in recent years and go beyond conflicts with elephants and leopards. Humans and animals are in conflict over land, water and resources, especially in the vicinity of National Parks in the country, where a lot of destruction takes place.

NDB partnered with the Wildlife and Nature Protection Society (WNPS) in 2018 to conduct the Education for Conservation project for school children. This project has been continued over the years and to date has succeeded in educating and empowering over 20,000 students by working with over 80 schools across 15 districts, cultivating the ethos of sustainability and inspiring a new generation of environmentally conscious leadership among children across the country.

In 2024 the main focus was on educating the youth living in the vicinity of National Parks, increasing awareness and empowering them to devise solutions for the issues faced. So far, the project has covered the Polonnaruwa district which is a bio-diverse rich area encircled by National Parks and sanctuaries including Minneriya, Kaudulla, Somawathi and Wasgamuwa as well as the Ratnapura district which records the highest endemicity of the island's flora and fauna. These programs addressed key environmental topics, including biodiversity, climate change, forest fragmentation, environmental pollution, and leopard conservation, fostering awareness and understanding among the participating students.

Sessions were conducted in Colombo schools as well to create awareness about Urban Fauna, where students were given opportunities to create their own initiatives within their school communities centered around Urban Fauna.

Over 3,300 students educated in 25 schools in 2004.

A special outreach session was conducted under the Education for Conservation project at the SDG Hub during the 59th Colombo Scout Camporee at Viharamahadevi Park, Colombo. The sessions featured lectures by prominent speakers: Prof. Deepthi Wickramasinghe (University of Colombo) on climate change, Mr. Thilina Kumarasiri (WNPS ANRM Project) on restoration efforts, and Ms. Narmadha Dangampola (President, BCSSL) on biodiversity and endemism. Participants also received training in field note-taking, enhancing their practical conservation skills. Special awards were given for species identification, fostering active engagement. Over 1,000 scouts from over 60 schools aged 10-18 participated, enriching their knowledge and connection to nature across the two-day event.

Project Partner:

Wildlife and Nature Protection Society (WNPS)

2024 Impact:

25 sessions conducted at schools educating **over 3,360 students**, teachers and principals

Scout camporee - **more than 1,000 scouts** from schools in Colombo and suburbs

Special Projects

Donation of School Shoes to Children -The Bank assisted children of disabled soldiers by donating school shoes.

Employee Volunteerism

The Bank encourages employees to volunteer their time and effort for the Bank's Sustainability initiatives as we believe in nurturing a community-conscious employee culture that extends beyond core business activities. It is a team effort where every employee is given an opportunity to give back to society.

The main objective of encouraging employee volunteerism is to educate and train employees on Social and Environmental responsibility, carrying out community projects and inculcating socially responsible behaviour.

This initiative succeeded in creating greater awareness amongst the employees about the challenges faced by communities, inculcated responsible behaviour, enhanced teamwork and motivated the employees to branch out on their own and carry out further projects.

During the year, employees have volunteered in the Mangrove Project and the Beach Clean-up. (Refer page 180 Natural Capital for more details)

LKR 0.3 Mn Investment	Over **1,000** Hours of Employee Volunteerism

Suppliers and Business Partners: The Group will continue to update and enhance the Board-approved Procurement Guidelines Manual to reflect emerging trends and opportunities in the procurement space, thereby enhancing the productivity of the procurement process. Starting in 2025, the Group will also commence an annual supplier evaluation process to optimise relationships with vendors, fostering mutual prosperity.

SMEs and the women's market segment: The Group will also continue to be a catalyst for growth for SMEs, entrepreneurs and the women's market segment by providing targeted banking solutions that empower them. Sri Lanka Vanithabhimana will be launched with an enhanced long-term focus whereby we will deliver greater impact to identified export oriented female entrepreneurs through the programme.

Communities: The Group will continue its investments in community engagement and development initiatives in line with the overall corporate sustainability agenda and in close congruence with the UNSDGs.

OUTLOOK

Customer service: The Bank will continue to enhance customer relationships by increasing engagement, improving service levels and delivering customer-centric solutions. Emphasis will be placed on enhancing service delivery through focused training and coaching sessions and utilisation of CRM systems at the Contact Centre. We will also look at adopting process automations via NEOS and digital banking concepts including AI tools to become a service differentiator in the industry.

Key priorities for 2025 and beyond from a Customer Experience point of view are presented below.

- Implementation of a Customer Relationship Management (CRM) system which will be beneficial for all stakeholders
- Implementation of Advanced Interactive Voice Response (IVR) enabling automation of balance inquiries, deactivation of selected services and other self-servicing options for customers
- Rebuilding customer confidence by bridging service level gaps
- Mapping customer journeys to enhance their experiences
- Conducting regular training sessions to improve knowledge, morale and service skills

NATURAL CAPITAL

Designed around a philosophy of stewardship and coexistence, we're meticulously preserving and safeguarding the resources that sustain us, while supporting a habitat of shared prosperity and productivity.

Japanese gardeners follow sustainable practices, aiming to preserve the local environment and ecosystem – built on a longstanding culture and tradition of humans serving as caretakers of the earth. Japanese gardens are therefore spaces in which sustainable resource management, biodiversity and ecosystem health are strongly maintained.

Natural Capital Highlights

As a financial institution, although the direct environmental impact from our operation is limited, we understand that there are significant environmental implications stemming from the value chain, extending from upstream activities to downstream impacts arising from our lending projects. Therefore, the Group actively advocates for sustainable environmental practices and environment positive decisions from within and outside the organisation.

Climate related Key Risks and Opportunities

Key Risks

- Extreme weather events and natural disasters directly or indirectly disrupting the Bank's operations and impacting stability
- Stringent laws and regulations aimed at reducing carbon footprint leading to increased credit risk from lending exposure to carbon-intensive industries
- Changes in market preference towards more sustainable products impacting demand for certain financial products
- Increased scrutiny of action taken by the Bank to address climate change

Key Opportunities

- Enhanced reputation and access to global capital markets could attract environmentally conscious investors
- Lending opportunities for renewable energy projects as Sri Lanka transitions to a low carbon economy
- Demand for new financial products with the shift in market preference
- Enhanced competitive edge through improved resilience to business disruptions and staying ahead of regulatory requirements related to climate risk

Key Components of Our Natural Capital

Consumption of Material → **Water Usage**

Paper usage: **38,519** kg

47,550 M3

Energy Consumption

- Electricity from the National Grid: **6,096** MWh
- Solar power generation: **146.43** MWh
- Usage of fuel: **95,810** L

Value Delivered

LKR 6.3 Mn
investment in corporate sustainability initiatives which include biodiversity conservation projects

Reduction of Carbon Footprint by **8.04%**

26,298 kg paper recycled

Over 985
employees trained on ESG through capacity building programmes

Driving Strategy

How We Created Value in 2024

- Supporting the transition to a low carbon economy through increased lending to renewable energy projects
- Continuous measures to enhance energy efficiency and reduce energy usage from our operations
- Reducing paper consumption through automation and digitisation of processes
- Propagating environmental sustainability across the value chain by incorporating ESG considerations into lending decisions and through capacity building of stakeholders
- Preserving eco-systems and contributing towards national goals of Climate Change adaptation by engaging in long-term biodiversity conservation projects.

Contribution to SDG's

OUR ENVIRONMENTAL AGENDA

Our approach to identifying, managing and measuring progress across environmental focus areas is clearly guided by the Group's ESG agenda and a comprehensive Environment and Social Management System. The Bank's ESG Team, Corporate Sustainability Committee and Environmental and Social Risk Management Integrated Committee are tasked with ensuring the implementation of the same.

Throughout the years, NDB has consistently worked on mitigating its negative environmental impact and has made considerable strides in its journey towards achieving carbon neutrality by gradually reducing the carbon footprint from its operations while also contributing to the preservation of eco-systems.

NDB's environmental agenda also focuses on promoting sustainable environmental practices outside the organisation and along the value chain by integrating principles of green financing into the Bank's lending strategy and supporting clients with climate risk adaptation, mitigation and the transition to lower carbon operations.

There were no incidents of non-compliance with environmental laws and regulations during the year.

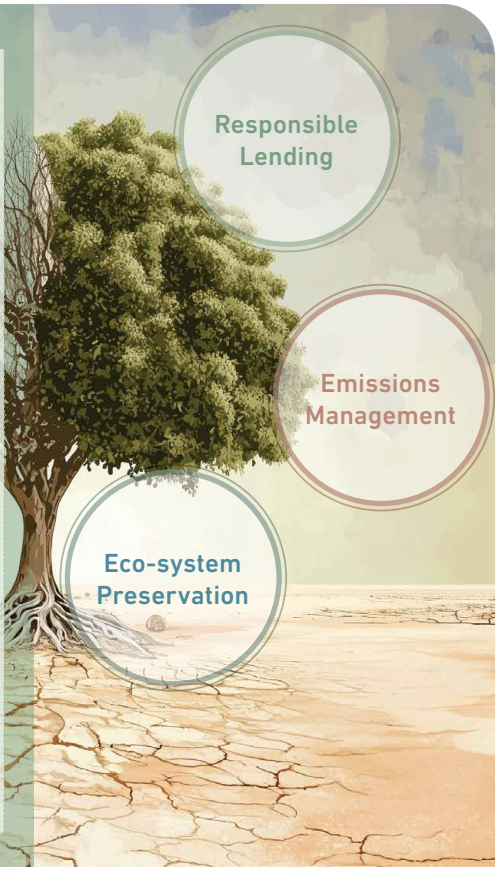
NDB is a founder signatory to Sri Lanka Banks' Association's 'Sustainable Banking Principles for Sri Lanka' which sets out guidelines on environment and social considerations in decision-making, developed in collaboration with leading European investors such as DEG, Proparco, FMO and OeEB.

COMBATING CLIMATE CHANGE

Climate change has wide ranging implications both locally and globally; from severe consequences of rising temperatures, natural disasters, food and water insecurity to economic disruption, underscoring the urgent need for bold and collective action.

At NDB, we continue to deepen our understanding of climate related risks and opportunities, defining how they impact our business and how our business contributes to adverse ecological effects and long-term climatic shifts.

Although the banking sector has a limited environmental footprint, we understand that combatting climate change requires a collective effort. Therefore, we actively advocate for environmentally conscious practices within our operations as well as across the entire value chain.



"Climate risk is increasingly shaping the financial landscape, and at NDB, we recognise its profound impact on our operations and the communities we serve. We are proactively integrating climate-related risks and opportunities into our risk management framework, aligning with SLFRS S2 to ensure comprehensive disclosures. Our commitment extends beyond risk mitigation - through sustainable financing, including renewable energy lending, we enable businesses to transition towards a greener future. Additionally, our corporate sustainability initiatives drive national climate resilience, reinforcing our role as a responsible financial institution dedicated to long-term sustainability.

Alex Perera
Vice President
Risk/ Chief Risk Officer

NATURAL CAPITAL

RESPONSIBLE LENDING

We are aware of our capacity to influence climate action through our lending activities and actively seek to promote projects and activities that contribute to a greener, more sustainable economy, The Bank supports the Government's efforts to transition to a lower carbon economy by integrating climate-related criteria into the credit appraisal process while also directing funds towards reduction of national reliance on fossil fuels, funding approximately 20% of the country's total installed capacity of private sector renewable energy since 2010.

	Investment by NDB (LKR Mn)	Capacity (MW)	GHG emissions and other harmful gases avoided (tCO2e)
Solar – ground mounted	2,313	41	34,793.00
Solar- roof mounted	4,259	43	48,254.00
Mini hydro	5,663	137	389,690.00
Wind	8,635	115	266,527.00
Biomass	1,992	10	
Total	22,862	347	739,264.00

739,264 tCO2e of GHG emissions and harmful gases such as Carbon Dioxide (CO2), Sulphur Dioxide (SO2) and Nitrogen Oxide (NOx) were avoided through Renewable Energy Projects.

Investments in solar, mini-hydro, wind, and biomass energy make up the Bank's renewable energy portfolio with a total capacity of **347 MW**

16.8 MW funded in cross-border renewable energy generation projects

MANAGING ENVIRONMENTAL AND SOCIAL RISKS

As environmental and social risks intensify, the Bank is cognisant of potential threats to its business model and performance stemming from climate change and social aspects of our borrowers. NDB demonstrates its commitment to responsible practices through a holistic approach to risk management. The Bank's comprehensive Environmental and Social Risk Management (ESRM) system identifies, assesses and manages risk exposure while strengthening organisational resilience.

Our Blueprint for Environment and Social Risk Management

Board approved ESRM policy and manual outlining comprehensive procedures

Oversight of the Board **Integrated Risk Management Committee**

Dedicated full-time associate manager overseeing ESRM procedures

Mandatory pre-requisites to be met at each approval level

Capacity Building through continuous training and development for staff and **partnerships for learning on best practices**

- Over 985 employees underwent 534.5 hours of training
- A wide range of topics including sustainable financing, environmental and social safeguard policies and regulations and global industry trends
- Relevant employees completed the e-certificate on Sustainable Banking Principles of the Sri Lanka Bank's Association

During 2024, the Bank's ESRM function underwent a comprehensive audit evaluation, conducted by an independent foreign auditor with expertise in the subject matter. The audit was facilitated by the Bank's anchor investor Norfund, as a part of the Investor Action Plan agreed upon between the Bank and Norfund. The audit findings and recommendation entail an action plan spanning up to 12 months, which will further strengthen and enhance the Bank's ESRM function.

Emissions Management

National Development Bank PLC

Our emissions management strategy aims to proactively identify areas where energy usage could be reduced, while gradually transitioning to renewable sources of energy such as solar power.

Ongoing initiatives such as the use of natural ventilation, LED lighting and investments in energy efficient equipment have also contributed towards increased energy efficiency. The Bank hopes to replace ageing equipment with energy-efficient alternatives, which will further optimise energy usage within our operations.

Having identified employee commuting as a key contributor to the Bank's carbon footprint extending from upstream activities, the Bank deployed staff buses which significantly reduced indirect emissions. We have also integrated sustainable practices into the corporate culture, encouraging employees to actively contribute towards reaching our goal of achieving carbon neutrality.

Existing measures to manage our carbon footprint resulted in an **8.04% reduction** in the Bank's carbon footprint in 2024.

The Bank measures its carbon footprint through an independent third-party verification done by the Sri Lanka Climate Fund, which operates under the Ministry of Environment. They also carry out training and awareness for key internal stakeholders including the Bank's leadership team.

	Unit	2024	2023
Purchased electricity	kWh	6,096,875	5,878,651
Fuel consumption (Owned vehicles and fuel paid by the Company			
Petrol	L	55,145	62,794
Diesel	L	30,785	13,490
Diesel consumption in generators	L	9,880	20,456

tCO_2e	YoY Change %	2024	2023	2022
Direct GHG emissions - Scope 1	20.00	426.00	355.00	492.00
Indirect GHG emissions	(9.97)	4,641.00	5,155.00	4,873.00
Imported energy - Scope 2	(16.19)	2,608.25	3,112.16	2,742.59
Transportation - Scope 3	1,46	1,660.83	1,636.92	1,789.22
Products used - Scope 3	(1,06)	96.37	97.40	70.26
Other - Scope 3	(11.13)	274.56	307.80	270.63
Total (Direct & Indirect) emissions	(8.04)	5,067.00	5,510.00	5,365.00

Computation Method

The Bank calculates its annual GHG emissions in accordance with the requirements provided in ISO 14064-1: 2018 – Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals. The organisation boundary established for this reporting includes all Operationally Controlled Business Operations of the Bank (including the Head Office, office complex at Dharmapala Mawatha, 113 branches island wide and other operationally controlled properties). The methodologies and factors appropriate to computation of emissions are obtained from the IPCC Guideline - 2006, the latest Energy Balance Report published by the Sustainable Energy Authority of Sri Lanka and the Emission Factor Database published by the Department of Environment, Food and Rural Affairs. (DEFRA).

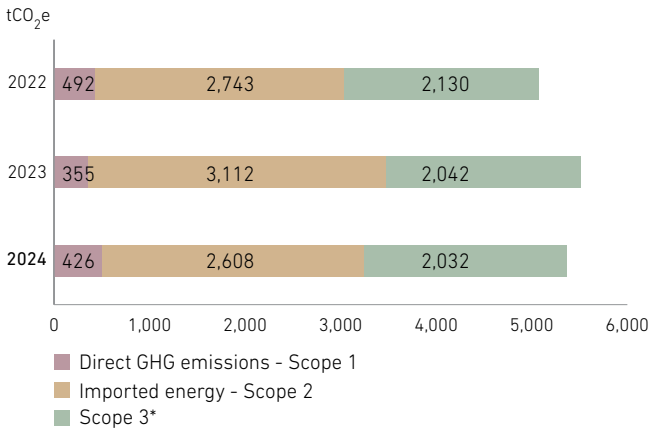
Although energy consumption has increased compared to 2023, energy-related emissions have significantly decreased this year. This reduction is primarily due to the gradual decline in the average grid emission factor published by the Sustainable Energy Authority of Sri Lanka.

The total energy consumption of the Bank during the reporting period is 25,255.89 gigajoules (GJ). The energy usage was calculated based on specific conversion factors applied to different energy sources. The following conversion factors were used in the calculation:

- 0.00360 GJ/kWh
- 0.03334 GJ/liter of petrol
- 0.03612 GJ/liter of diesel

The inventory accounts for emissions of four greenhouse gases: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), and hydrofluorocarbons (HFCs). Emissions from other gases are excluded from the inventory, as they do not result from the operation of facilities owned and operated by the Bank.

Direct and indirect emissions



NATURAL CAPITAL

NDB Capital Holdings Limited

NDB Capital Holdings Limited (the Company) has prepared its initial greenhouse gas (GHG) inventory for the year 2024 in accordance with the requirements of ISO 14064-1:2018 – Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals.

The organisational boundary for this inventory includes NDB Capital Holdings Limited, NDB Investment Bank Limited, NDB Securities (Private) Limited, NDB Wealth Management Limited, and NDB Zephyr Partners and NDB Zephyr Partners Lanka (Private) Limited.

The inventory has been developed based on primary data provided by the company's subsidiaries. The methodologies and emission factors used for calculations are derived from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, the latest Energy Balance Report published by the Sri Lanka Sustainable Energy Authority, and the emission factor database published by the UK Department for Environment, Food & Rural Affairs (DEFRA).

The Company has obtained third-party verification for its GHG statement at a reasonable level of assurance from Sri Lanka Climate Fund (Pvt) Ltd, which is established and operated under the Ministry of Environment.

Activity Data	Unit	2024
Purchased electricity	kWh	195,591.00
Fuel consumption (Owned vehicles and fuel paid by the company		
Petrol	L	48,532.00
Diesel	L	N/A
Diesel consumption in generators	L	N/A

Emission Source	YOY Change %	2024 (tCO2e)
Direct GHG emissions - Scope 1	N/A	222.77
Indirect GHG emissions	N/A	241.75
Imported energy - Scope 2	N/A	83.69
Transportation - Scope 3	N/A	149.20
Products used - Scope 3	N/A	0.07
Other - Scope 3	N/A	8.79
Total (Direct & Indirect) emissions	N/A	465.52

The total energy consumption of the Company during the reporting period is 2,321.98 gigajoules (GJ). The energy usage was calculated based on specific conversion factors applied to different energy sources. The following conversion factors were used in the calculation:

- 0.00360 GJ/kWh
- 0.03334 GJ/liter of petrol
- 0.03612 GJ/liter of diesel

The inventory accounts for emissions of four greenhouse gases: Carbon dioxide (CO_2), Methane (CH_4), Nitrous oxide (N_2O), and Hydrofluorocarbons (HFCs). Emissions from other gases are excluded from the inventory, as they do not result from the operation of facilities owned and operated by the Company.

Eco-system Preservation

The Bank is committed to environmental preservation efforts and is actively involved in crucial projects aimed at eco-system preservation and protection of biodiversity within the country. The 'Life to Our Mangroves' project which NDB is a part of, is such a project focusing on achieving nationally significant outcomes in the realm of mangrove and coastal ecosystem conservation. Progress made during the year under the Environment pillar of the Bank's CS agenda is given below. These projects are also expected to contribute towards the national goals of biodiversity conservation and climate change adaptation.

Environment

Life to Our Mangroves

Initiated in 2022, this restoration project provides a Nature-based Solution that generates multiple environmental as well as socio-economic benefits. Restoration activities are conducted using scientific principles to enhance ecological functions, habitat quality and species diversity and capacity.

Three years of dedicated work including ongoing surveys and data collection on plant and animal interactions, establishments, and adaptations have enhanced the project's success and development through scientific restoration methods resulting in substantial progress made along with important lessons learned. Community involvement has also been a key element in this journey with community-based organisations being set up for maintaining nurseries and discussions held with villagers on assisting with the nursery preparation, maintaining, sowing, replanting, and gap-filling activities. NDB employees have also volunteered at this site several times, planting mangroves and conducting research activities.

The Anawilundawa Life to Our Mangroves Project stands out as one of the most successful mangrove restoration initiatives in Sri Lanka. Central to this success is the "Accelerated Natural Regeneration of Mangroves" (ANRM) approach, which emphasises minimal human intervention while significantly enhancing natural regeneration processes.

This innovative technique has garnered international recognition, with the United Nations Environmental Programme acknowledging it as one of the seven United Nations Recognised Flagship Mangrove Restoration Projects globally for the decade of mangrove restoration.

Project Partner:

This is a collaborative Public-Private-Community Partnership and Multi-Partner initiative guided by Biodiversity Sri Lanka and other strategic stakeholders including the Department of Wildlife Conservation (DWC) and Wayamba University (WUSL).

The total project covers the restoration of **10 hectares** of degraded mangrove forest patches in the Anawilundawa Wetland Sanctuary, **within a period of 5 years.** NDB supports 1 hectare.

NATURAL CAPITAL

Adopt a Beach

NDB joined hands with Clean Ocean Force (COF) to combat marine pollution where a 500-meter stretch of beach at Kapumgoda in Pamunugama is cleaned daily removing trash and preventing it from going back to the ocean and polluting the delicate marine ecosystem. In addition to contributing to environmental conservation, the project also contributes towards sustainable livelihood development where the marginalised in the community especially women, are engaged to do the daily cleaning.

The trash is collected daily, sorted as per the waste management categories and weighed. All recyclable materials are handed over to recyclers and the women get an additional income from this. Clean Ocean Force works closely with the local authorities to maintain a sustainable operation.

NDB's employees have also volunteered their time and effort for this project, having understood the need to protect the coastline and address the issue of marine pollution. Over 100 employees of the bank volunteered to clean this beach in 2024.

Project Partner:

Clean Ocean Force

To date **over 7,000 kg** of trash/debris including polythene, plastic, PET bottles, glass, rubber etc have been removed

NDB **extended the project for another year** to ensure sustainability

Underwater Dives

The Bank also commenced a project to combat seabed pollution in areas where human activities have resulted in the accumulation of abandoned fishing gear and single-use plastics, harming marine life and disrupting fragile ecosystems, particularly coral reefs.

This project aims to reduce seabed pollution and restore coral reefs whilst empowering youth and nurturing them to be professionals in marine conservation and carving career paths in the marine industry.

Project Partner:

Clean Ocean Force

NDB signed the agreement with Clean Ocean Force in December 2024 and the project will be implemented in 2025.

Adopt a Lagoon

With the Negombo lagoon becoming a hotspot for pollution we have embarked on the 'Adopt a Lagoon' project which includes cleaning of the lagoon as well as the mangrove islands in the lagoon where waste is being dumped.

The project mainly focuses on the upstream waste where the waste flows from inland areas to the ocean.

Project Partner:

Clean Ocean Force

NDB signed the agreement with Clean Ocean Force in December 2024 and the project will be implemented in 2025.

MATERIAL AND WASTE MANAGEMENT

Waste generated from our operations mainly consists of paper waste and electronic waste. Recycling is a key aspect of our waste management process, with paper waste being collected and sent to an approved third-party recycler for recycling. E-waste is also segregated and disposed of responsibly in accordance with local laws and regulations.

Paper Consumption

Meanwhile, the implementation of a digital workplace has resulted in the reduction of the quantum of paper, the Bank would otherwise use. Not only internal processes but through the automation and digitisation of customer-facing and supplier related processes as well, the Bank achieved paper savings compared to conventional processes, stemming from the entire value chain.

Internal Processes for Employees

- Flexible work arrangements
- E-learning
- Using digital signatures for approvals
- Automation of processes through RPA and Workflow Solutions

Customer-facing Processes

- Switching to e-sms
- Encouraging digital payments
- 21% increase in registrations on the NEOS app
- 6% increase in the number of digital transactions

Supplier-related Processes

- E-procurement
- Online supplier registration

Paper Recycling in 2024

Paper recycled	Timber saved	Electricity saved	Litres oil saved
26,298 kg	33 MT	74 kWh	5,554 l

Litres water saved	Total landfill saved	GHG Emission Reduction
2.4 Mn	67 m3	20 $MTCO_2$

Above figures are calculated in accordance with the ISO 14064 Standards

Paper Usage in 2024

38,519 kg

OUTLOOK

NDB will continue to focus on reducing its emission levels by enhancing energy efficiency and delivering on its targets towards attaining net zero. By further deepening our understanding of climate-related risks and opportunities the bank will be able to address upcoming challenges and support operational resilience. We will also focus on strengthening our sustainability strategy and data gathering processes and systems to drive the sustainability agenda forward.