

CORPORATE GOVERNANCE

Responsible Stewardship



Securing Steadfast Growth

We're strengthened by a time-tested framework that is designed to protect us against the onslaught of external forces – ensuring we remain resilient and achieve lasting growth in the ages to come.

Yukizuri is an ancient technique of landscape gardening that originated in Japan's snowy regions. Translating to 'snow suspension', the art of yukizuri involves using ropes to attach tree branches to a supporting pole placed at the side of the trunk. The resulting conical structure prevents branches from bending or breaking during winter – ensuring that trees maintain their integrity and strength even against the impact of heavy snowfall.

CORPORATE GOVERNANCE

MESSAGE OF THE CHAIR, BOARD OF DIRECTORS ON CORPORATE GOVERNANCE



Dear Shareholder,

The Board is conscious of the need to set the tone at the top and keeps pace with developments in corporate governance to ensure compliance with regulatory requirements and codes of best practice. The year under review witnessed changes to corporate governance structures and policies as the Bank complied with the changes to the Listing Rules of the Colombo Stock Exchange and continued to comply with the Direction on Corporate Governance for Licensed Commercial Banks issued in 2007 ("Corporate Governance Direction 2007") whilst proactively embracing the changes introduced by the new Direction No 05 of 2024 on Corporate Governance for Licensed Commercial Banks ("Corporate Governance Direction 2024") so as to ensure compliance from 2025 onwards. It was encouraging to note that many of the changes were refinements rather than sweeping changes reflecting the strength of the Bank's existing governance standards and its commitment to upholding sound principles of corporate governance.

Shared knowledge

A stable Board with diverse skills and experience was a key asset and a shared view of the need to stay updated on matters impacting the governance of the Bank led to a very active calendar for knowledge sharing. The Board was updated on a range of topics by internal and external resources with Directors clocking in over 13 hours of awareness and learning sessions during the year. The training elevated the Board conversations on these topics, making meetings more effective as there was a common understanding, enhancing deliberations on related topics.

Succession

The first quarter saw the smooth transition of the Chief Executive Officer ("CEO") as Mr. Kelum Edirisinghe took office in February 2024 which was key to continuity. Oversight of the process ensured a successful outcome reflecting careful planning of this critical passing of the baton.

Strategic Focus

In 2024, the Board prioritised strategic review and oversight to navigate the challenging market conditions. The implementation of the short term strategy, with a focus on increasing the Bank's interest margins, driving transactions and enhancing portfolio quality was a key step. This strategy aimed to enhance profitability and operational efficiency. Ensuring robust technological support for strategic goals, the Board supported investments in IT systems to directly support the pursuit of this strategy. The Board also commenced deliberation on an in-depth review of the medium to long-term strategy with external advisory support, to ensure the Bank's alignment with evolving market dynamics. Through regular meetings of the Board's committee focusing on Strategy, a robust and continuous review of the performance of each Business Line vis-à-vis the strategies took place.

Managing risks

Risk management was a key priority going into 2024 with high levels of political uncertainty and a relatively fragile economic recovery with two quarters of growth in the latter half of 2024. The Board worked closely with the Integrated Risk Management Committee ("IRMC") in strengthening risk management processes and reporting to broaden the scope and gain greater insights into existing and potential exposures. Significant progress was made in this regard during the year, enabling the Board to identify early warning signs and build resilience.

Credit is the largest exposure on the balance sheet and continues to be a focus area for the Board. Continued economic growth and a surge in tourist arrivals supported the revival of businesses, providing a much needed tailwind to the efforts put in place to improve asset quality. We continue to strengthen our processes in this regard in response to a build up of static in global macroeconomic conditions and their potential impacts on Sri Lanka's economic growth trajectory.

IT Governance continued to remain at the top of the agenda as both opportunities and threats continue to disrupt business models and operations. The Board continues to monitor developments in this dynamic field while also allocating resources to strengthen cybersecurity and enhance its IT infrastructure.

Institutionalising Sustainability

Sustainability Reporting is moving centre stage as it becomes mandatory in the year that has commenced. While noting that we are fortunate to have had a head start in sustainability reporting, there is more that needs to be done to institutionalise the rigorous analysis related to sustainability risks and opportunities. The Bank is committed to setting clear targets and performance indicators which are linked to such targets, to ensure that sustainability is well integrated into the Bank's normal business processes. With roots in development banking, many concepts are integrated into the business processes and a passion for sustainability is evident in our culture. Having delegated the oversight of this key area to IRMC at present, the Board is in the process of reviewing the structure and mechanism given the mandatory regulatory changes, including considering the formation of a separate Board Subcommittee.

Compliance

The subsequent discussion provides a high-level overview of how the Board created value to the Organisation during the year, including its key area of focus, operations and deliverables during the year. Detailed information regarding the Bank's compliance with Corporate Governance Direction 2007, Section 9 of the Listing Rules of the Colombo Stock Exchange and the Code of Best Practice on Corporate Governance 2023 issued by the Institute of Chartered Accountants of Sri Lanka ("Code of Best Practices on Corporate Governance 2023") are available from pages 404 to 442 of this Report.

Further, as stipulated by the Code of Best Practices on Corporate Governance 2023, I affirm that I am not aware of any significant violations of any provisions of the internal Policy on Corporate Governance and the Corporate Governance Process Manual and the Bank's Code of Conduct for Employees. I also hereby confirm that the Bank's current state of affairs is not harmful to the business of the Bank in any form.

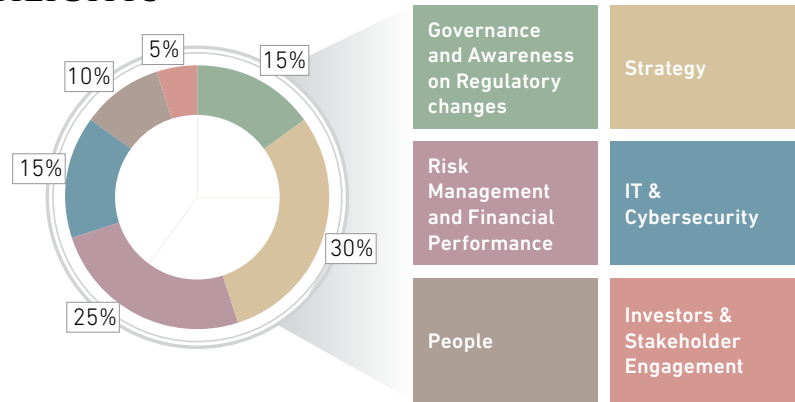
Mr. Sriyan Cooray

Chair, Board of Directors

20 February 2025
Colombo

CORPORATE GOVERNANCE HIGHLIGHTS

The corporate governance report has been structured to reflect the Board priorities in 2024. The chart provides an approximate reflection of time spent by the Board on the key topics with accompanying snapshots of the matters covered during the year. The Board's governance structures and procedures are set out thereafter, providing insights into the institutionalised framework for governance that is the bedrock on which the Bank functions.



Governance and Awareness on Regulatory Changes

- Ensuring the smooth transition of the CEOs
- Monitored developments in corporate governance focusing on those proposed or issued by Central Bank of Sri Lanka ("CBSL"), Colombo Stock Exchange ("CSE") and Institute of Chartered Accountants of Sri Lanka ("ICASL") and ensuring compliance with additional requirements
- Review and update of policy framework and making mandatory policies available for shareholder perusal
- Reconstitution of Board Subcommittees and revising Terms of Reference to conform with regulatory requirements
- Received regular and timely updates from Board Subcommittees on matters under their purview
- Board awareness and training conducted to ensure that knowledge of the Board is updated on relevant topics and regulatory changes
- Carrying out Board and Board Subcommittee evaluations and reviewing status of action plans related to 2023 evaluations
- Ensuring that its decisions are independent and objective, the Board diligently reviews disclosed and potential conflicts of interest and any factors that might affect Directors' independence, fitness and propriety
- Maintaining linkages for oversight purposes between the Board and the Boards of subsidiaries at chairperson, board and committee level

Assisted by the
Nominations & Governance Committee

Highlights

Appointment of a new Chief Executive Officer

Effective succession planning resulted in a smooth transition as Mr. Kelum Edirisinghe, a career banker, was inducted as the CEO on 01 February 2024 following the planned retirement of the former CEO. The Nominations and Governance Committee played a vital role in reviewing potential internal and external candidates to fill the role whilst being cognisant of the Succession Plan of the Bank and obtained the requisite approvals from the regulator, CBSL in a timely manner. The Board of Directors assisted by the Nominations and Governance Committee also ensured a smooth transition of responsibilities from the outgoing CEO to the new CEO.



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Director Awareness

Considering the many regulatory changes which took place in 2024, several Board awareness and training sessions were conducted to ensure that knowledge of the Board is updated on relevant topics and regulatory changes. These awareness sessions directly contributed to certain noteworthy advancements in the Bank's governance practices.



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Sustainability Governance

The Bank is remodelling its sustainability framework to ensure that it meets the SLFRS S1 and S2 standards across governance, strategy, risk management and performance management. External consultants have been engaged to support our journey and we have also commenced computing the Bank's Scope 3 emissions as this is significant for the Banking industry. Having delegated the oversight of this key area to IRMC at present, the Board is in the process of reviewing the structure and mechanism given the mandatory regulatory changes, including considering the formation of a separate Board Subcommittee.



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CORPORATE GOVERNANCE



Strategy

- Regular review of external factors to understand developing trends and potential impacts on economy, society, Group and Bank
- Review and approval of the Bank’s strategy for 2024 with senior management including deliberation of potential scenarios and results of stress tests to ensure alignment with the Bank’s risk appetite
- Regular review of the Bank’s performance vis-à-vis agreed KPIs and progress of ongoing medium to long term projects that underpin delivery of strategy.
- Regular review of business segment performance and strategies in place to cater to client segments, review of product portfolios, sector wise and regional reviews to assess opportunities and threats and align responses to a dynamic business landscape.
- Reviewed the Bank’s sustainability strategy and integration of key sustainability criteria into strategy development processes including sustainability target setting
- Discussed and reviewed the Technology & Operations strategy

Assisted by the Strategic Issues Committee

Highlights

Implementing a strategy focusing on three key performance areas

The Bank implemented its strategy which focused on three key pillars: Increasing the Bank’s interest margins, driving transactions and enhancing portfolio quality.

To ensure that this strategic focus is integrated into the Bank’s operations, the Strategic Issues Committee engages with Business Lines quarterly to ensure alignment of performance with strategic objectives.

External consultants have been engaged for an in depth review of the Bank’s medium to long term strategy.



Pages 242 to 243 and 55 to 61



Risk Management and Financial Performance

- | | |
|--|---|
| <ul style="list-style-type: none">Regular review of financial performance, position and cashflows of the Bank and its subsidiariesReview and approval of quarterly financial statements and market disclosures on risk prior to publishing the same on the Bank’s website, major newspapers and sending them to the CSEReceiving regular reports from the Audit Committee on effective functioning of internal controls through review of internal audit reports and in-camera meetings with the internal auditors | <ul style="list-style-type: none">Review appointment of external auditors, their independence, scope of work, resources and remuneration.Review of the Management Letter issued by external auditors and monitoring implementation of recommendations and holding an in-camera meeting with them.Assessing the carrying value of the Group’s assets and liabilities and assumptions underlying the valuationsAssessing the effectiveness of the Group’s financial reporting systems to meet the financial reporting requirements of the future |
|--|---|

Assisted by the Audit Committee

Highlights

Measures to improve credit quality

The Bank took steps to improve credit quality by increasing provisioning for Stage III loans.

The Bank also strengthened the Credit Policies, Delegated Lending Authority and Under Writing Standards to reflect changing market conditions and regulatory requirements.



Pages 52 and 190 to 191



Risk Management and Financial Performance (Contd..)

- ⦿ Reviewed and revised the Risk Management Framework and related policies to include new developments in regulatory requirements and business requirements
- ⦿ Approved the revised Risk Appetite for principal risks of the Bank
- ⦿ Reviewed the Internal Capital Adequacy Assessment Process to ensure that the Bank has sufficient capital
- ⦿ Reserves to cover various risk factors such as credit, market and operational risks
- ⦿ Reviewed key macroeconomic headwinds and tailwinds to understand related risks and opportunities and their impacts on the Bank and the Group
- ⦿ Regular review and discussion of risk reports from the Chief Risk Officer and Chair of IRMC

Assisted by the Integrated Risk Management Committee

Highlights

Internal Capital Adequacy Assessment Process

Reviewed the Internal Capital Adequacy Assessment Process to ensure that the Bank has sufficient capital reserves to cover various risk factors such as credit, market and operational risks. The Bank made two Basel III compliant debenture issuances during the year in September 2024 and November 2024 respectively, aiming at raising Five Billion Rupees through each issuance where both the issuances were oversubscribed.



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IT and Cyber Security

- ⦿ Assessment of IT infrastructure to ensure alignment with the Bank's business goals
- ⦿ Consolidation of systems performance post the core banking upgrade
- ⦿ Authorising capital expenditure and operational expenditure necessary to enhance IT infrastructure to meet the Bank's business needs, support regulatory reporting and to carry out the Bank's Strategy.
- ⦿ Revision and approval of IT Governance policies
- ⦿ Reviewing the report of an independent consultant on the effectiveness of the Bank's cybersecurity protocols in place
- ⦿ Monitoring cybersecurity developments and initiating programmes to enhance customer awareness
- ⦿ Monitoring progress on implementation of IT infrastructure

Assisted by the Bank Digital Subcommittee

Highlights

Review of IT infrastructure

The Board carried out a review of the existing IT structure, systems, infrastructure and provided valuable oversight towards making the IT structure and IT systems more relevant to the strategic objectives of the Bank.



Pages 123 to 130

CORPORATE GOVERNANCE



People

- ⊙ Review and approval of the Bank's employee remuneration schemes including performance incentives
- ⊙ Review of employee survey results and approval of action plans
- ⊙ Review and approval of the Bank's training schedule and budget
- ⊙ Review of the Bank Performance Management System and approval of rewards and recognition programmes

Assisted by the Human Resources and Remuneration Committee (HRRC)

Highlights

Rewards Strategy

The Board through the Human Resources and Remuneration Committee (HRRC) reviewed the Bank's rewards strategy in 2024 amid the challenging economic landscape and high attrition rates in 2023. A comprehensive salary and benefits survey was conducted to align compensation with market standards, analysing trends in rewards offered by comparable institutions. This data enabled informed decisions on revised benefits, salary increments, and performance-linked pay.

The HRRC also advised on talent identification, talent mapping, and leadership competency development plans covering all key roles at the Bank which resulted in updating and improving succession planning at the Bank and deliberated in detail on the identified talent pool, the details of the interventions etc.



Pages 231 to 233



Investors & Stakeholder Engagement

- ⊙ Participation at CBSL Directors Forum
- ⊙ Receiving feedback from the CEO about matters discussed at the CBSL Monthly CEO Forums
- ⊙ Reviewing and approving the Shareholder Relations and Stakeholder Engagement policies
- ⊙ Encouraging shareholder participation at Annual General Meeting (AGM) and engaging with them
- ⊙ Engaging with potential investors and market analysts through Investor Webinars
- ⊙ Reviewing reports on customer engagement and satisfaction/surveys
- ⊙ Approval of the Bank's CSR budgets to uplift communities in which we operate and rejuvenate the environment
- ⊙ Ensuring that price sensitive market disclosures are made promptly to the CSE
- ⊙ Ensuring that issues raised by shareholders are reviewed, addressed and responded to by the Company Secretary
- ⊙ AGMs and Extraordinary General Meetings (EGMs) to obtain shareholder views and necessary approvals for certain matters
- ⊙ Quarterly investor and analysts webinars to discuss financial performance and prospects

Highlights

Approach to Investor Relations

The Bank undertook a comprehensive review of its Investor Relations approach aimed to enhance the quality of interactions with investors, ensuring that communication is clear, timely, and informative. The Bank seeks to build stronger relationships with its stakeholders, reinforcing trust in its strategic direction.



Pages 62 to 70

BOARD OF DIRECTORS 2024

As the highest governance body, the Board provides leadership, strategic guidance and sets the tone at the top for the Bank and the Group. Their collective strength lies in the diversity of skills, experience, perspectives and objectivity enabling them to exercise their independent judgment on matters set before the Board as set out below.



Mr. Sriyan Cooray

Chair, Board of Directors -
Non-Executive Independent Director

Appointed in August 2018

Value added to Board:

Expertise in Banking, Finance,
Risk management and Management



Mr. Kelum Edirisinghe

CEO - Executive Non-Independent Director

Appointed in February 2024

Value added to Board:

Strategic Leadership in Banking, Finance and
Management, Risk Management, Wholesale
Credit, Credit & Recoveries, Commercial Banking
& Fund Management & Custodial Services



Mr. Bernard Sinniah

Non-Executive Non-Independent Director

Appointed in March 2019

Value added to Board:

Banking, Sales/Retail, Management, Treasury,
Payment systems, Fintech, Entrepreneurship
and IT



Mr. Sujeewa Mudalige

Non-Executive Independent Director

Appointed in January 2020

Value added to Board:

Accounting, Auditing, Financial Analysis
and Management



Mr. Kushan D'Alwis, PC

Non-Executive Independent Director

Appointed in July 2020

Value added to Board:

Law (Litigation/Banking, Corporate,
Commercial and Administrative Law)



Ms. (Fay) Piyachatr Chetnakarnkul

Non-Executive Non-Independent Director

Appointed in May 2021

Value added to Board:

Economics, IT and Business Investments



Ms. Kasturi Chellaraja

Non-Executive Independent Director

Appointed in October 2022

Value added to Board:

Retail / Consumer Sector Experience,
Accounting, Financial Analysis and Management



Ms. Shweta Pandey

Non-Executive Independent Director

Appointed in April 2023

Value added to Board:

Information Technology, Economics & Business
Administration, Entrepreneurship, Fintech,
Payment Systems



Mr. Hasitha Premaratne

Non-Executive Independent Director

Appointed in June 2023

Value added to Board:

Accounting, Finance, Management,
Textile/Apparel sector experience



Ms. Chandima Dilrukshi

Non-Executive Non-Independent Director

Appointed in June 2021 (Resigned in December 2024)

Value added to Board:

Accounting and Financial Management

Subcommittees of the Board



Nominations & Governance
Committee



Integrated Risk
Management Committee



Related Party Transactions
Review Committee



Credit
Committee



Human Resources and
Remuneration Committee



Audit
Committee



Strategic
Issues Committee



Bank Digital
Subcommittee

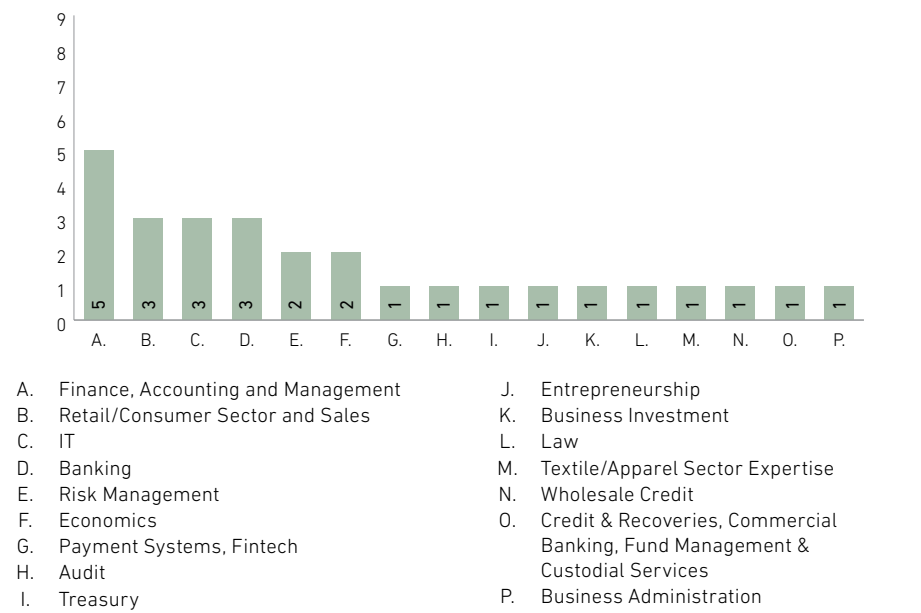


Discretionary and Capital
Expenditure Committee

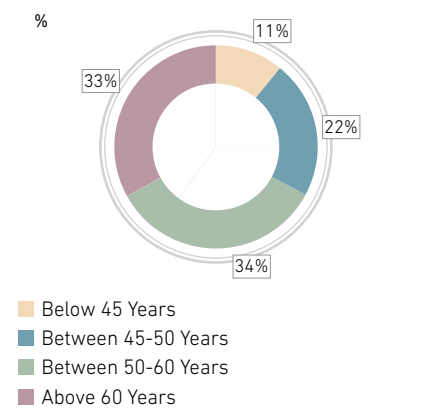
* Mr. Dimantha Seneviratne (former CEO, Executive, Non-Independent Director) resigned from the Board of Directors on 31 January 2024.

CORPORATE GOVERNANCE

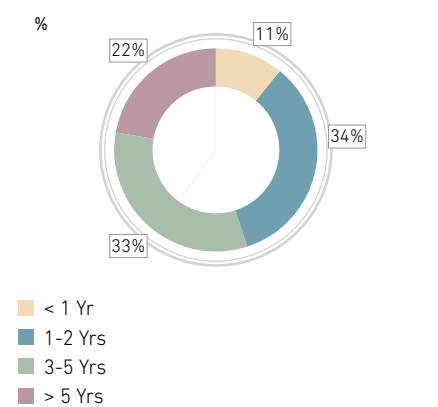
Board Skills & Experience



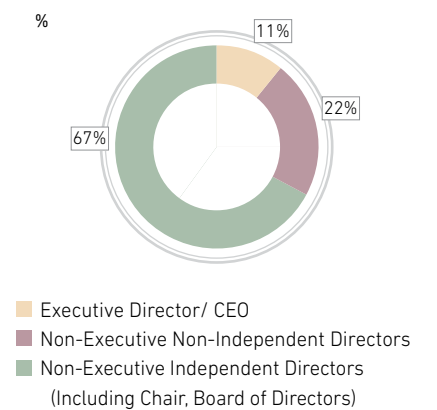
Age Diversity



Tenure on Board



Board Balance



Gender Analysis



STRUCTURE OF THE REPORT

A fit for purpose structure

A framework for governance

Facilitating effective stewardship

Risk management, Compliance & Internal Control

Sustainability Governance

IT Governance

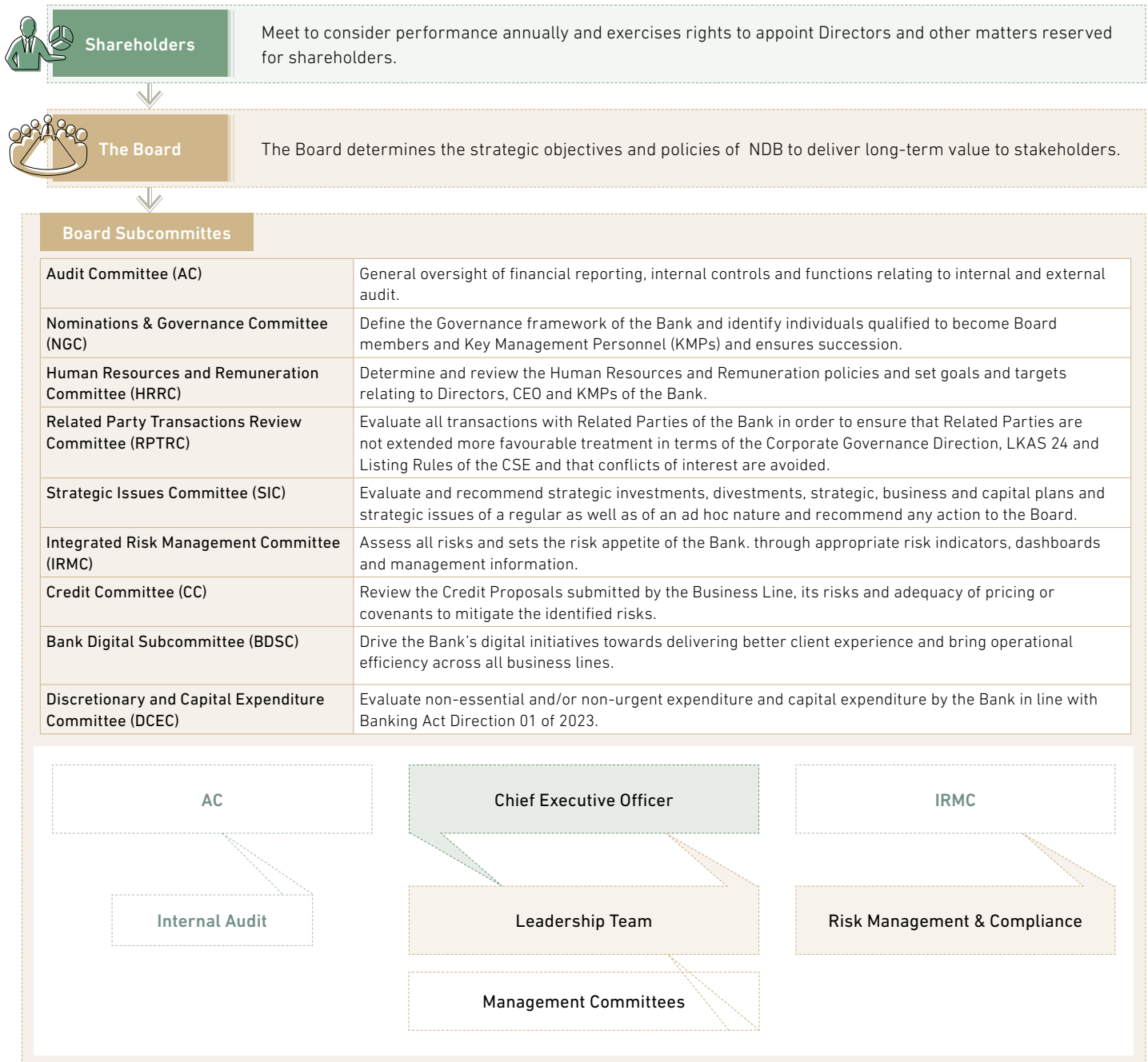
Conduct Ethics & Culture

Shareholder Engagement

Remuneration

A FIT FOR PURPOSE STRUCTURE

The Board sets the Bank's purpose, values and strategy in accordance with the Articles of Association and the operating license. The Board is collectively responsible to shareholders for the governance, strategic direction and performance of the Bank and the delivery of sustainable value to its key stakeholders. In fulfilling its duties, the Board takes into account the views and interests of key stakeholders to build sustainable ecosystems that support growth, returns and stability of the Bank and the Group. Accordingly, the Board sets in place suitable structures for oversight and provides guidance through a comprehensive policy framework to facilitate day-to-day operations. These are supported by efficient processes and effective internal controls to facilitate effective oversight and stewardship.



CORPORATE GOVERNANCE

Management Committees

Management Committees bring together cross departmental expertise and facilitates clear communication of policies, strategy and progress while reinforcing corporate values and shaping organisational culture. These Management Committees are critical to the delegation of authority by the Board and play a vital role in the governance structure of the Bank.

Management Committee	Areas of Responsibility
Asset and Liability Management Committee	Defining strategies for balance sheet planning in optimising risk-return dynamics
Human Resource Committee	Considers/reviews Human Resources (HR) strategies and policies and recommend solutions to improve effectiveness of the HR Policies and function at the Bank
Credit Committee	Corporate & Branch Credit Committees Review and approve facilities within delegated limits and monitor portfolios
Outsourcing Committee	Assess, approve, monitor and review all the outsourcing arrangements
Procurement Committee	Facilitate procurement of goods and services ensuring fairness, transparency and consistency when assessing suppliers
Operational Risk Management Committee	Assess effectiveness of operational risk policies and review the Bank's operational risk profile
IT Steering Committee	Provide guidance and direction on IT strategy to ensure business objectives are achieved
Credit & Market Risk Policy Committee	Regularly assess the Credit / Market / Liquidity risk policies of the Bank
Environment and Social Risk Management Integrated Committee (ESRM)	To implement environmental, social and governance risk aspects in relation to responsible lending as per the environmental and social risk management framework and the environmental and social management system.
Information Security Committee	The apex management level body responsible for information security and technology resilience of the Bank for both strategic and operational aspects of information security and technology risk management. Established in line with CBSL Banking Act Direction No. 16 of 2021 on Regulatory Framework on Technology Risk Management and Resilience for Licensed Banks.

Balance of Power

Composition of the Board and clear segregation of responsibilities facilitate an appropriate balance of power, which is essential for good performance and effective control. We have therefore established clear delineations between the role of Directors and the executive management.

Chairman (Non-Executive Independent Director)

Provides leadership to the Board and ensures its integrity and effective functioning with good corporate governance.

CEO (Executive Director)

Apex executive-in-charge of the day-to-day management of the Bank's operations and business. Ensures the Board receives timely, accurate and clear information on the Group's performance and position.

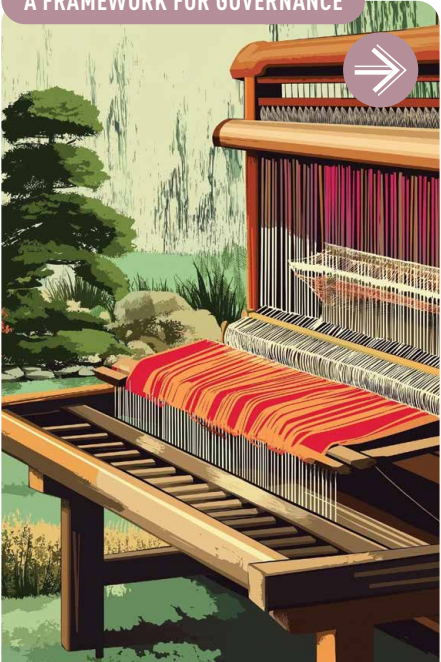
Independent Director

Provides independent judgement through objectively and constructively challenging the Board and management.

Company Secretary

The Bank has appointed the Company Secretary as prescribed by applicable laws and regulations and in accordance with the Bank's Article of Association. The Company Secretary ensures that proper Board procedures are followed in line with applicable laws, rules, and regulations. All Directors have access to the advice and services of the Company Secretary, and she assists the Chairman and CEO in setting the agenda for the Board meetings and is responsible for maintaining sufficiently detailed Board minutes in consultation with the Chairman. Board minutes are circulated to the Board well before the next monthly meeting providing adequate time for consideration.

A FRAMEWORK FOR GOVERNANCE



Matters reserved for the Board

A sound policy framework

Governance of the Bank is founded on the following authoritative documents at present:



CORPORATE GOVERNANCE

The framework was updated in 2024 by the revision of internal documents in response to changes in external documents by regulators. Accordingly, the following changes were implemented to facilitate compliance with Section 9 of the Listing Rules of the CSE and in readiness for the Corporate Governance Direction 2024:

- ⦿ Subcommittee compositions and TORs were revised ahead of the specified timelines
- ⦿ Policies of the Bank were reviewed and revised and the 12 mandatory policies (as required by the CSE Listing Rules) are available on request to shareholders as set out on the Bank's website
- ⦿ A reporting mechanism was set up to allow the Board/NGC to monitor compliance with applicable Corporate Governance rules and related other laws

The Board also enacted the following changes to enhance the effectiveness of governance processes:

- ⦿ Organisational structure was reviewed and strengthened to meet the evolving business needs of the Bank
- ⦿ Review and implementation of mechanisms to facilitate frequent and timely disclosures by Directors
- ⦿ Considers/reviews and determine Human Resources strategies and policies and recommend solutions to improve effectiveness of the HR Policies and function at the Bank
- ⦿ Strengthening share trades monitoring in line with changes to industry rules and regulations

MATTERS RESERVED FOR THE BOARD

While the Board has delegated authority to facilitate efficient operations by empowering Board Committees, the CEO, KMPs and Management Committees, certain matters are reserved for the attention of the Board and require formal approval. These include:

- ⦿ Determining the strategic objectives and the short, medium and long term strategy of the Bank and Group
- ⦿ Approval of policies of NDB Bank
- ⦿ Annual review and approval of the Delegation of Authority
- ⦿ Review and approval of the Organisation structure and terms of reference of all Board Committees
- ⦿ Annual review and approval of the Bank's Risk Appetite statement
- ⦿ Approval of remuneration, reward and incentives schemes
- ⦿ Approval of the Bank's capital expenditure
- ⦿ Approval and publication of quarterly financial statements and annual report
- ⦿ Review of the Bank's exposures to key risks including strategic, financial, operational and sustainability risks
- ⦿ Making decisions on matters that have significant strategic, financial, or reputational implications to the NDB Group as a whole
- ⦿ Reviewing the effective operation of internal controls and obtaining assurances on the same
- ⦿ Engaging with and considering the opinions of shareholders and other stakeholders
- ⦿ Recommending nominees to be elected or re-elected as Directors
- ⦿ Approving the amount and nature of dividends to be paid to shareholders
- ⦿ Assessing the Board's effectiveness and the Board Chair's performance through a comprehensive self-assessment as detailed on page 205
- ⦿ Assessing the performance of the CEO at least annually

2024 Highlights

- ⦿ Approved a distribution to the shareholders by way of a final Dividend of LKR 5.00 per Share on the Ordinary Shares in issue of the Bank for the Financial Year ended 31 December 2023 to be paid in 2024, of which LKR 2.00 was in the form of cash dividend and the balance LKR 3.00 was in the form of scrip dividend
- ⦿ Recommended the re-election of 02 directors and the re-appointment of 02 directors at the 2024 AGM
- ⦿ Assessed effectiveness of the Board and Board Committees during the year and addressed areas for improvement and amended terms of reference (TORs) accordingly
- ⦿ Assessed the performance of the CEO
- ⦿ Commenced a review of the medium to long term strategy of the Bank with the assistance of an External Advisor

A SOUND POLICY FRAMEWORK

The Bank has put in place a sound policy framework to support the day-to-day operations of the Bank as set out below:

Human Resources

- ⊙ Diversity and Inclusion Policy
- ⊙ Harassment Policy and the Harassment Redressal Policy
- ⊙ Health and Safety Policy
- ⊙ Staff Account Operations and Monitoring Policy
- ⊙ Consequent Management
- ⊙ Framework and Risk Severity Matrix
- ⊙ Grievance Policy
- ⊙ Code of Conduct and Ethics for Employees

Technology & Digital

- ⊙ Information Security Policy
- ⊙ Information Security Compliance Policy
- ⊙ Data Classification Policy
- ⊙ Acceptable Usage Policy
- ⊙ Electronic Data Retention
- ⊙ Destruction Policy

Investments

- ⊙ Investment Policy
- ⊙ Bank's exposure to Stock Market Activities
- ⊙ Policy on Control and Management of Company Assets and Shareholder Investments

Ethics & Integrity

- ⊙ Code of Conduct and Ethics for Employees
- ⊙ Group Securities Trading Policy
- ⊙ Group Anti-bribery and Corruption policy
- ⊙ Whistleblowing Policy
- ⊙ Ombudsperson Policy
- ⊙ Disclosure Policy
- ⊙ HR Manual
- ⊙ Procurement Policy
- ⊙ Corporate Social Responsibility Policy
- ⊙ Related Party Transactions Policy
- ⊙ Codes of Ethics & Standard of Conduct for treasury Front office, Treasury Operations and Treasury Middle Office
- ⊙ Anti-Money laundering, suppression of Terrorism Financing and Sanctions policy and procedures
- ⊙ Policy on Corporate Governance and Corporate Governance Process Manual
- ⊙ Policy on Risk Management and Internal Controls
- ⊙ Policy on Environmental, Social and Governance Sustainability
- ⊙ Fraud Risk Management Policy

Communication

- ⊙ Communication Policy
- ⊙ Disclosure Policy
- ⊙ Complaints Handling Policy
- ⊙ Policy on Relations with Shareholders and Investors

The Bank has established the following Policies in line with Section 9 of the Listing Rules of the Colombo Stock Exchange. (Please refer <https://www.ndbbank.com/investor-relations/governance-and-shareholding-structure>)

- 1) Policy on matters relating to the Board of Directors
- 2) Policy on Board Committees
- 3) Policy on Corporate Governance
- 4) Policy on Nominations and Re-election
- 5) Policy on Remuneration
- 6) Policy on internal Code of Business Conduct and Ethics for Directors
- 7) Policy on Internal Code of Business Conduct and Ethics for Employees
- 8) Securities Trading Policy
- 9) Policy on Risk management and Internal controls
- 10) Policy on Relations with Shareholders and Investors
- 11) Policy on Environmental, Social and Governance Sustainability
- 12) Policy on Control and Management of Company Assets and Shareholder Investments
- 13) Policy on Corporate Disclosures
- 14) Policy on Whistle blowing
- 15) Policy on Anti-Bribery and Corruption

The above policies have been reviewed and revised to ensure that same are in line with applicable changes to laws and regulations.

In line with Section 9.5.2 of the Listing Rules the Bank confirms that it has ensured full compliance with the Policy on Matters relating to the Board of Directors.

CORPORATE GOVERNANCE

FACILITATING EFFECTIVE STEWARDSHIP

Successive Boards of the Bank have institutionalised Board processes and procedures that enable the Board to function effectively and efficiently in discharging its duties. Key processes and procedures in place that facilitate effective functioning of the Board are set out in this section of the report.



Director Induction
Shared Knowledge
Access to information
Appraisals
Managing conflicts
Independence & Objectivity
Board Meetings
Minutes
Appointments, Re-election & Retirements

DIRECTOR INDUCTION

An induction programme is in place for all new Directors upon joining the Board which is compiled by the Company Secretary as guided by the Board Chair. The agenda typically includes an overview given by the Board Chair, discussion with the CEO and an introduction to the Senior Leadership of the

Bank. All newly appointed Board members receive an induction pack comprising the Articles of Association, the most recent Annual Report and access to minutes of Board meetings and relevant Board Subcommittee meetings.

SHARED KNOWLEDGE

Directors receive opportunities for upgrading their professional skills throughout their tenure, assisting them to keep abreast of economic, regulatory and industry trends. These training sessions are typically facilitated by the Company Secretary, as advised by the NGC/ the Board with the cost borne by the Bank. Additionally, circulars, directions, and guidelines issued by the regulators are circulated to the Directors on a quarterly basis for their information. Management also make representations to the Board on relevant matters such as significant regulatory changes and significant changes to economic/market conditions etc in a timely manner. The CEO represents the Bank at the monthly CEO's meetings arranged by CBSL. Further, Board members take part in Director's forums arranged by the CBSL as and when necessary.

The CEO and KMPs of the Bank maintain continuous dialogue with the regulators as deemed necessary or prudent.

Board Awareness sessions conducted during the year are given below:

Subject	Number of Hours
Awareness on Banking Act amendment (at bill and Act stages) (internal)	2
AML and payment system related awareness session conducted by CBSL	2.5
Awareness session on the new Corporate Governance Direction (internal)	1
Seminar on Sri Lanka's macro-economic landscape by Economist Murtaza Jafferjee	2
Amendments to the Listing Rules – Corporate Governance Section (internal)	1
Amendments to the Listing Rules – Corporate Governance Section conducted by Mr. Renuka Wijewardana, Chief Regulatory Officer, Colombo Stock Exchange	1.5
Awareness on Anti-Corruption Act and implications (internal)	1
Awareness Session on Anti Bribery & Corruption conducted by Ms. Averil Ludowyke	1
Awareness on Digital Resilience /Data security (internal)	1
Total Hours on Director Awareness	13

Impact

These sessions helped improve director awareness and contributed to;

1. A comprehensive review and revision of certain key policies and procedures.
2. Proactive review and revision of Board subcommittee compositions
3. Commencing quarterly review of Director independence through the NGC resulting in compliance a quarter in advance.

The awareness session by Economist Murtaza Jafferjee particularly strengthened the Board level discourse on the bank's medium/long term strategy.

DIRECTORS' ACCESS TO INFORMATION

Directors also have unrestricted access to the management team, Group information as well as other resources required to effectively execute their responsibilities. Access to external professional advice is available to Directors at the Bank's expense which is facilitated by the Company Secretary.

MANAGING CONFLICTS OF INTEREST

The Policy on Corporate Governance and the Corporate Governance Process Manual, the Articles of Association and the Corporate Governance Direction 2024 requires each Director to determine and disclose whether he/ she has a potential or actual conflict of interest. The Bank has also established a Policy on Conflicts of Interest.

Multiple channels are in place to disclose potential conflicts of interest including during onboarding, quarterly director disclosures to the Company Secretary, during the quarterly update of the Bank's Related Parties and/or as and when such conflicts arise. In 2024, we automated our disclosure mechanisms to ensure quick and complete information sharing. This helped streamline the process of registering and tracking transactions with Related Parties so that potential conflicts of interest can be avoided. Any impairments to director independence to were reviewed and tracked through these enhanced disclosures.

The Company Secretary maintains a record of director disclosures and when such matters are discussed at Board meetings, the relevant director refrains from participating in the discussion and abstains from voting. Interested directors also do not receive access to the information pertaining to an interested transaction, including accessing such information both physically and/or electronically.

INDEPENDENCE & OBJECTIVITY

All Directors are expected to exercise their independent professional judgement in matters set before the Board. Additionally, the presence of Independent Directors enhances objectivity of discussions as they bring an external perspective to bear on matters deliberated.

Through an enhanced process, now Directors are required to submit quarterly declarations of independence or non-independence in accordance with the stipulations of Corporate Governance Direction 2024, Section 9 of the Listing Rules of the CSE and the guidelines of the Code of Best Practice on Corporate Governance 2023.

Based on the disclosures made, none of the directors have immediate family and/or any other material business relationships with other directors of the Bank.

Criteria
<div><div>⦿ Corporate Governance Directions</div><div>⦿ CSE Listing Rules</div></div> <div><div>⦿ Code of Best Practices on Corporate Governance 2023</div></div>
Assessment
<div><div>⦿ Directors submit quarterly declarations</div><div>⦿ Subsequent changes are disclosed as and when they occur</div><div>⦿ NGC reviews independence on a quarterly basis or as and when needed</div></div>
Results
<div><div>6 out of 9 deemed independent on Corporate Governance Direction 2024</div><div>8 out of 9 deemed independent based on Listing Rules of the Colombo Stock Exchange</div><div>7 out of 9 deemed independent based on Code of Best Practices on Corporate Governance 2023</div></div>

2024 Highlights

⦿ Automated system support to alert front lines and to assist in identifying and monitoring related party transactions is being improved. This is further supported by quick links through which Directors can provide new information in respect of their connected parties.

⦿ Share trades monitoring frequency was increased to daily monitoring, with a new system being developed to automate the monitoring/ flagging process

BOARD APPRAISALS

The Board and Subcommittees of the Board undertake an annual self-assessment to assess the effectiveness of these key governance bodies and identify potential areas of improvement. The Board Chair and Chairpersons of the Committees review the results and make action plans to address areas identified for improvement. Subcommittee Chairpersons report to the Board on the results of the review and planned actions.

2024 Highlights

⦿ Director disclosures are obtained on a quarterly basis to track any impairment to independence/ fitness & propriety, and to avoid conflicts of interest.

⦿ The quarterly Director Disclosures have been streamlined and simplified by the use of checklists and concise forms.

⦿ New information disclosures have been automated to facilitate quick and complete disclosure and registration.

CORPORATE GOVERNANCE

APPOINTMENTS, RE-ELECTION & RETIREMENTS

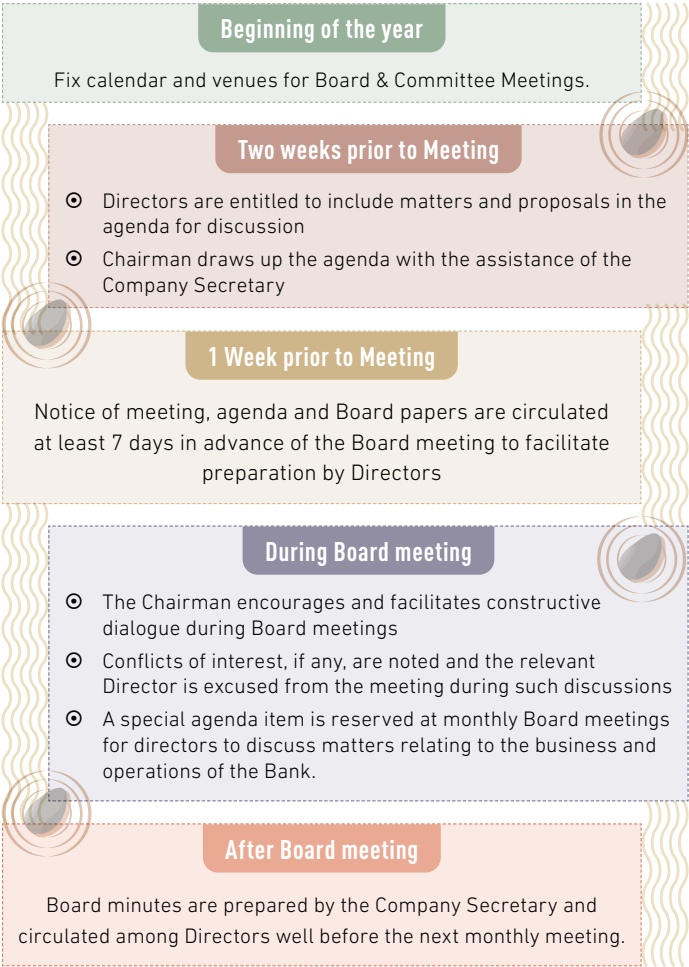
Shareholders appoint the Directors at the AGM and any casual vacancies that may arise during the year are filled by the Board. All appointments are subject to approval of CBSL and the SEC (by virtue of the licences held by the Bank) who apply the fit and proper criteria. The Nominations and Governance Committee drives the process, vetting potential nominees, ensuring they meet the business needs of the Bank, the fit and proper criteria and where relevant, independence criteria. Nominees who meet these criteria are recommended to the Board who will review and recommend to shareholders or appoint if it is to fill a casual vacancy. An announcement is made to the CSE on receipt of approval together with the profile of the Director including whether the Director is executive or non-executive and independent or non-independent.

The Board focuses on balancing the need to maintain continuity and bringing in fresh perspectives through an enhanced succession framework. As per the Articles of Association, 1/3rd of the Directors (except the CEO, any Director appointed to fill a casual vacancy and the Nominee Director of the Ministry of Finance, if any) should retire at each AGM and be subject to re-election. All directors appointed to fill a casual vacancy retire at the next AGM and may offer themselves for re-election. Directors retire on reaching 70 years of age or 9 years of tenure on the Board in accordance with regulatory requirements of CBSL. Additionally, a Board member may not be nominated for re-election based on the performance of the Directors.

All Directors of the Bank satisfy the Fit and Proper assessment criteria stipulated in the Corporate Governance Directions issued by the Central Bank of Sri Lanka, the CSE Listing Rules, the Rules issued by the Securities and Exchange Commission and the Code of Best Practices on Corporate Governance 2023.

BOARD MEETINGS

The Board strengthened engagement given the rapidly changing operating landscape and potential stresses on the Bank's operations. The Board convened 14 times during the year, while 65 Subcommittee meetings were also held. Clearly defined guidelines and processes ensure the effectiveness of Board meetings.



AGENDA & MINUTES

The Company Secretary's role is critical in facilitating effective stewardship. The Company Secretary is responsible for agreeing the Agenda with the Chairpersons of the Board and its Subcommittees, compiling and circulating the relevant information packs, as well as maintaining minutes of Board and Subcommittee meetings. Board information packs are circulated 7 days prior to the relevant meeting enabling directors to prepare for the meetings so that discussions are focused. A special agenda item is reserved at monthly Board meetings for directors to discuss matters relating to the business and operations of the Bank. All Directors have the right to ensure that key statements are correctly reflected in the minutes to ensure that the minutes provide a formal and accurate record of matters discussed and decisions taken. This includes the right to record their dissent on decisions taken by the Board. Minutes of the previous meeting are reviewed, proposed and seconded to ensure that the Board members are in agreement that it represents a fair record and signed by the Board Chair to affirm the same. Matters arising from the minutes and action taken to address them are followed up to ensure that decisions taken are implemented as directed by the Board.

MEETINGS HELD

14

Main Board Meetings

Number of Subcommittee Meetings Held

Number of Management Committee Meetings Held

06	Nominations and Governance Committee
04	Human Resources and Remuneration Committee
04	Related Party Transactions Review Committee
03	Strategic Issues Committee
08	Audit Committee
06	Integrated Risk Management Committee
13	Credit Committee
06	Bank Digital Subcommittee
15	Discretionary and Capital Expenditures Committee

Asset and Liability Management Committee	17
Human Resources Committee	04
Credit committees (Both Corporate and Branch Credit)	95
Outsourcing Committee	05
Procurement Committee	204
Operational Risk Management Committee	04
IT Steering Committee	04
Credit & Market Risk Policy Committee	06
Environmental & Social Risk Management Integrated Committee	03
Information Security Committee	06

ATTENDANCE AT BOARD & BOARD SUBCOMMITTEE MEETINGS

THE STRUCTURE, COMPOSITION AND ATTENDANCE OF THE BOARD AS AT 31 DECEMBER 2024

Name of Director	Independent/ Non-Independent under CBSL Direction	Independent/ Non-Independent under ICASL	Independent/ Non-Independent under CSE Listing Rules	Date of Appointment	Number of Board Meetings Eligible to Attend	Number of Meetings Attended
Mr. Sriyan Cooray	Independent	Independent	Independent	10.08.2018	14	14
Mr. Kelum Edirisinghe (Appointed w.e.f. 01.02.2024)	Non-Independent	Non-Independent	Non-Independent	01.02.2024	12	12
Mr. Bernard Sinniah	Non-Independent	Independent	Independent	28.03.2019	14	13
Mr. Sujeewa Mudalige	Independent	Independent	Independent	06.01.2020	14	13
Mr. Kushan D'Alwis, PC	Independent	Independent	Independent	06.07.2020	14	14
Ms. (Fay) Piyachatr Chetnakarnkul	Non-Independent	Non-Independent	Independent	25. 05.2021	14	14
Ms. Kasturi Chellaraja	Independent	Independent	Independent	03.10.2022	14	12
Ms. Shweta Pandey	Independent	Independent	Independent	28.04.2023	14	14
Mr. Hasitha Premaratne	Independent	Independent	Independent	15.06.2023	14	14
Ms. Chandima Dilrukshi (Resigned w.e.f. 04.12.2024)	Non-Independent	Independent	Independent	21.06.2021	13	13

CORPORATE GOVERNANCE

DETAILS OF MEMBERS OF THE BOARD SUBCOMMITTEES AS AT 31 DECEMBER 2024

Name of Subcommittee	Nominations and Governance Committee		Human Resources and Remuneration Committee		Related Party Transactions Review Committee		Strategic Issues Committee		Audit Committee		Integrated Risk Management Committee		Bank Digital Subcommittee		Credit Committee		Discretionary and Capital Expenditure Committee	
Name of Director	Status	DOA	Status	DOA	Status	DOA	Status	DOA	Status	DOA	Status	DOA	Status	DOA	Status	DOA	Status	DOA
Mr. Sriyan Cooray	M	20.08.2021	M	20.08.2021	M	01.07.2022	C	01.05.2019	M	01.09.2018	M	01.09.2018						
Mr. Kelum Edirisinghe (Appointed w.e.f. 01.02.2024)							M	01.02.2024					M	22.02.2024	M	22.10.2024		
Mr. Bernard Sinniah	M	19.02.2020	M	19.02.2020			M	19.02.2020					M	30.04.2021	C	01.05.2019		
Mr. Sujeewa Mudalige	M	21.06.2022	M	22.03.2022			M	19.02.2020	C	18.02.2020	M	19.02.2020						
Mr. Kushan D'Alwis, PC	C	21.06.2022			C	22.07.2020			M	01.02.2024					M	22.07.2020		
Ms. (Fay) Piyachat Chetnakarnkul							M	22.06.2021			M	22.06.2021	M	29.10.2021				
Ms. Kasturi Chellaraja			C	20.06.2023							M	25.10.2022			M	20.06.2023		
Ms. Shweta Pandey													C	19.06.2023				
Mr. Hasitha Premaratne					M	20.06.2023					C	20.06.2023						
Ms. Chandima Dilrukshi (Resigned w.e.f. 04.12.2024)					M	20.08.2023			M	22.06.2021	M	22.06.2021			M	01.10.2022	M	27.03.2023

NUMBER OF MEETINGS HELD AND ATTENDANCE OF THE BOARD SUBCOMMITTEES AS AT 31 DECEMBER 2024

Name of Subcommittee	Nominations and Governance Committee		Human Resources and Remuneration Committee		Related Party Transactions Review Committee		Strategic Issues Committee		Audit Committee		Integrated Risk Management Committee		Bank Digital Subcommittee		Credit Committee		Discretionary and Capital Expenditure Committee	
Name of Director	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
Mr. Sriyan Cooray	6	6	4	4	4	4	3	3	8	8	6	6						
Mr. Kelum Edirisinghe (Appointed w.e.f. 01.02.2024)							3	3					5	5	12	12		
Mr. Bernard Sinniah	6	3	4	2			3	3					6	2	13	10		
Mr. Sujeewa Mudalige	6	6	4	4			3	3	8	7	6	5						
Mr. Kushan D'Alwis, PC	6	6			4	4			8	7								
Ms. (Fay) Piyachat Chetnakarnkul							3	3			6	3	6	2				
Ms. Kasturi Chellaraja			4	4							6	4			13	12	15	15
Ms. Shweta Pandey													6	6				
Mr. Hasitha Premaratne			4	4	4	2					6	5						
Ms. Chandima Dilrukshi (Resigned w.e.f. 04.12.2024)					4	3			7	5	6	4						

RISK MANAGEMENT, COMPLIANCE & INTERNAL CONTROL

Risk management, compliance and internal controls of the Bank form a powerful combination by which the Board guides, exercises oversight and monitors progress of the Bank. These three elements are key determinants of the profitability and financial stability of the Bank.



A Strong Defence

Oversight of Risk

Assurance

Escalating Key Concerns to Board

A STRONG DEFENCE

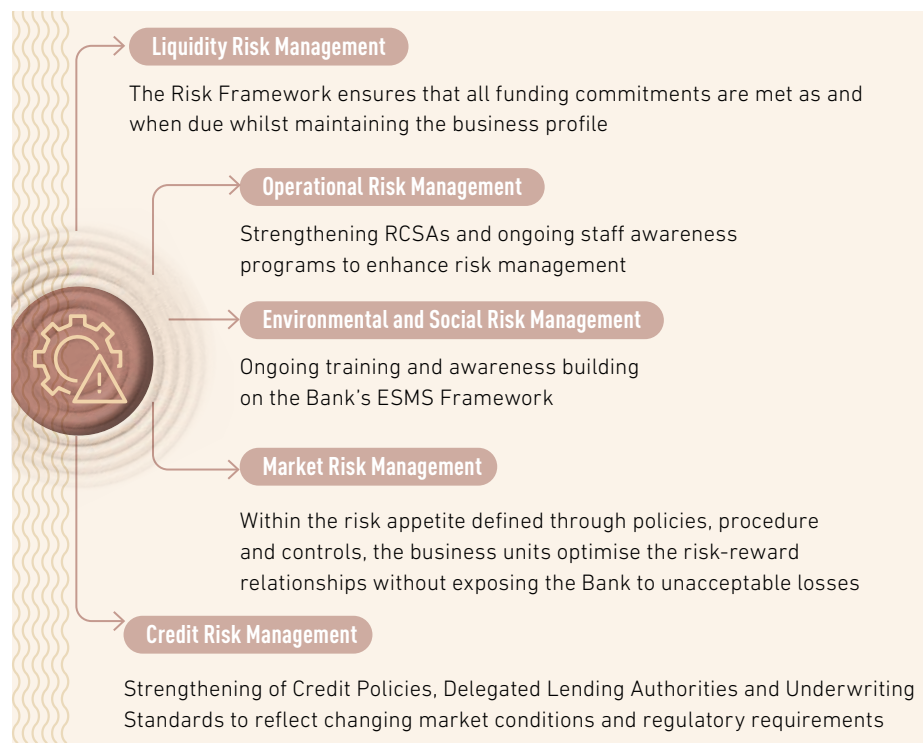
The Board is supported in managing these key aspects by the IRMC and the AC who carry out more detailed oversight of these crucial functions. IRMC is supported by a CRO and a Compliance Officer who report directly to the Committee while the AC is supported by the Vice President - Internal Audit who also reports independently to the Committee. While Risk and Compliance functions of the Bank form part of the second line of defence, Internal Audit forms the third line of defence, providing assurance on the effective operation of internal controls, including risk management frameworks. There are well defined organisational responsibilities for the Bank's three lines of defence.

OVERSIGHT OF RISK MANAGEMENT

The Policy Framework for Risk Management reflects the scope of the mandate and the guidance provided in management of the same. Managing emerging risks emerged as a key priority during the year, reflecting increasing complexities of external headwinds and escalating macro-economic stress. The AC and the IRMC played a vital role in monitoring changes to the Bank's risk landscape. Key areas of focus are summarised below while the policy framework is set out alongside.

Risk Management

- ⊙ Credit Risk Related Governance Policy
- ⊙ Impairment Policy
- ⊙ Market Risk Management Policy
- ⊙ Operational Risk Management Policy
- ⊙ Fraud Risk Management Policy
- ⊙ Foreign Exchange Risk Management Policy
- ⊙ Liquidity Risk Management Policy
- ⊙ Stress Testing Policy and Framework
- ⊙ Internal Capital Adequacy Assessment Process Document
- ⊙ Risk Model Validation Policy
- ⊙ Expenses Management Policy
- ⊙ MIS Policy



The following documents provide additional information in this regard:

- | | | |
|---|--|--|
| ⊙ Risk Management Report on pages 443-483 | ⊙ Directors' Statement on Internal Control over Financial Reporting on pages 251-252 | ⊙ Integrated Risk Management Committee Report on pages 234-236 |
| ⊙ Audit Committee Report on pages 237-239 | | |

CORPORATE GOVERNANCE

ASSURANCE

The Board receives reasonable assurance on the effective operation of internal controls through the internal auditor and the external auditor. In-camera meetings are conducted by AC with the Internal Auditor and the External Auditor without the presence of any executives, providing a forum for these two key resources to highlight any matters of concern that need to be brought to the attention of the Board including limitations on scope, management cooperation etc. AC in turn communicates the results of the assurance processes to the Board.

The Bank adopts a combined assurance framework, integrating the assurance obtained from both internal mechanisms and external providers. This approach has enhanced the integrity of internal controls and information used for reporting to both internal and external stakeholders.

COMMUNICATION OF CRITICAL CONCERNS TO THE BOARD

The Board has set in place a number of mechanisms to facilitate communication of critical concerns to the Board as follows:

☉ Meetings of the Board and Subcommittees

These provide a regular platform for communicating critical concerns to the Board. In particular, independent lines of reporting established for the Chief Risk Officer to IRMC and the Vice President - Internal Audit to the Audit Committee strengthen this mechanism. Additionally, critical concerns may be circulated via a Board paper to the Board or Subcommittee if it is deemed sufficiently important and time sensitive by the Secretaries to the Subcommittees, the CEO or the Company Secretary.

☉ Whistleblower Policy

The Bank has in place a Board-approved Whistle Blowing Policy to facilitate members of staff to report irregularities in good faith, without having to fear that their actions may have adverse consequences on themselves. This Policy is reviewed and approved by the AC and the Board of Directors. Further strengthening the whistle blowing mechanism, the Bank introduced a feature of reporting through the staff intranet for added convenience and security.

A process has been established to track such whistle blowing and take necessary action. All whistleblowings received have been investigated as per the procedure laid down in the policy.

The Bank also has an established external informational mechanism, known as the “NDB Ombudsman”, to whom matters can be whistle blown confidentially.

☉ Company Secretary

Shareholders may contact the Company Secretary to bring critical concerns to the attention of the Board.

SUSTAINABILITY GOVERNANCE

The Board reviewed its sustainability governance processes and commenced the journey to adopt SLFRS S1 and SLFRS S2 to comply with the mandatory reporting requirement in 2025. External consultants have been engaged to support timely progress and ensure that Governance, Strategy, Risk Management and Metrics & Targets are aligned. Importantly, the Bank has commenced assessment of its Scope 3 Emissions of which the main component is Financed Emissions. The Bank will avail itself of the transitional provisions in SLFRS S2 to report on these and will use the time to institutionalise the processes to obtain the information required for the calculation. The Board's intention is to ensure that sustainability reporting information is subject to the same high standards of internal control as those in place over the financial reporting processes.

Solid foundations in sustainability reporting based on the GRI and SASB Standards gives us a head start in many ways. However, the increased focus on scenario analysis required by the two standards and the related complexity in constructing plausible scenarios needs keen oversight. The task of steering sustainability governance has been handed over to IRMC at present, and the Board is in the process of reviewing the structure and mechanism given the mandatory regulatory changes, including considering the formation of a separate Board subcommittee.

The Bank's strategic projects to uplift communities are also managed by this vertical. During the year, the Bank invested

LKR 6.3 Mn in 10 projects empowering and uplifting a diverse and wide range of beneficiaries including students, youth, women, the marginalised in communities, villagers, as well as our own employees. Focussing on the key pillars of Education, Environment, Employee Volunteerism and Special Projects, these projects contributed to environmental conservation, eco-system restoration, women empowerment, livelihood development, youth education, human development, creating a stronger entrepreneurial culture, empowering young inventors and instilling a sustainability mind-set in our own employees.

IT GOVERNANCE

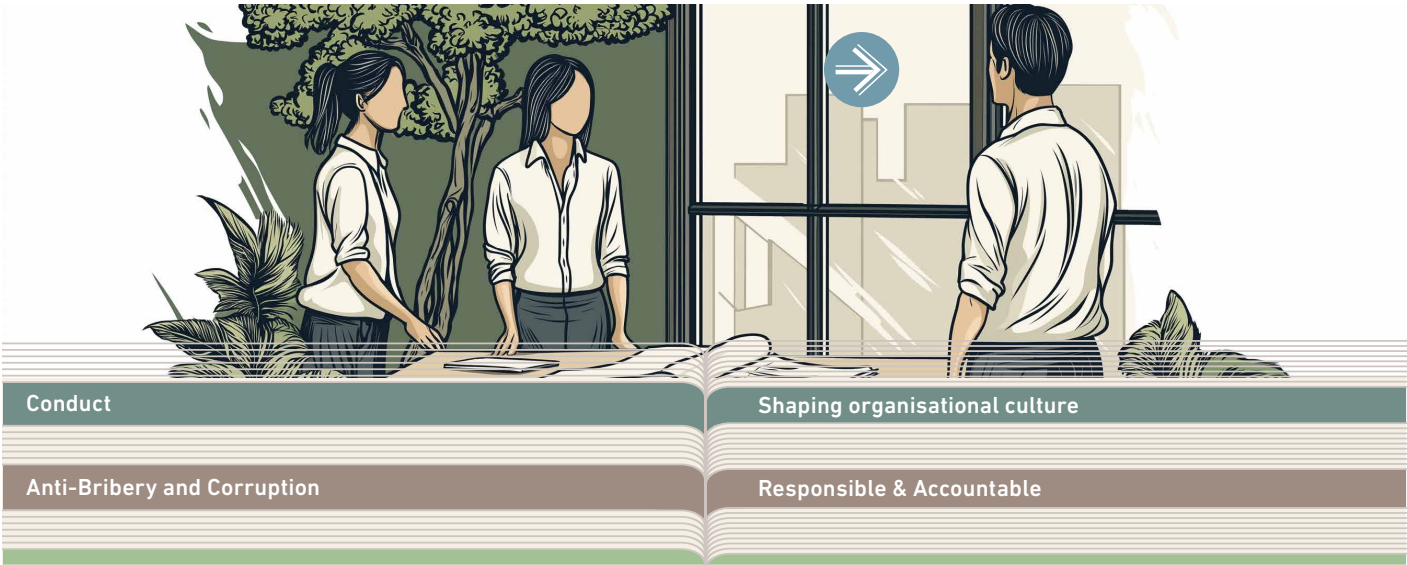
The Bank is cognizant of its increased exposure to IT and cybersecurity risks stemming from the thrust toward digitalization. A framework of robust IT policies, clear demarcation of responsibilities through the three lines of defence governance model, and a highly skilled IT team ensure that IT risks and vulnerabilities are managed in a holistic and consistent manner.

During the year, the Bank achieved a significant milestone by successfully upgrading its ISO/IEC 27001 certification to the 2022 version, becoming the first Sri Lankan bank to do so. The Bank also holds active certifications for ISO 22301 (Business Continuity Management) and ISO 20000 (IT Service Management), demonstrating its unwavering commitment to upholding IT governance standards.

To further strengthen its IT risk framework, the Bank has made substantial investments in cybersecurity, including enhancements to data center infrastructure, access controls, data loss prevention measures, and next generation IPS/IDS & firewalls. Additionally, the Bank operates a state-of-the-art Security Operations Center (SOC) in partnership with a Managed Security Services Provider, leveraging the latest AI-enabled Security Information and Event Management (SIEM) capabilities to proactively monitor and address cyber threats.

CONDUCT, ETHICS AND CULTURE

While setting in place formal mechanisms to empower, guide and monitor the operations of the Bank, the Board seeks to reinforce these mechanisms by articulating standards of conduct that shape the organisational culture.



CONDUCT

The following standards of conduct have been approved by the Board and care is taken to ensure that the relevant parties are aware of the standards of conduct expected by them. These standards draw attention to legal and regulatory requirements while reinforcing corporate values.

Document	To Whom it is Applicable
Policy on Corporate Governance and Corporate Governance Process Manual	Directors and KMPs
Policy on internal Code of Business Conduct and Ethics for Directors	Directors
Policy on internal Code of Business Conduct and Ethics for Employees	All Employees
Code of Conduct and Ethics for Employees	All Employees
The Gifts and Entertainment Policy	All Employees
The Group Anti-bribery and Corruption policy	All Directors and Employees
Codes of Ethics & Standard of Conduct for Treasury Front Office, Treasury Operations and Treasury Middle Office	Treasury Staff - Treasury Front Office, Middle Office and Treasury Operations

CORPORATE GOVERNANCE

ANTI-BRIBERY AND CORRUPTION

Managing the risk of bribery and corruption is embedded into our compliance monitoring mechanisms. A suite of policies, tools and processes are in place to effectively govern related aspects including political contributions, donations, facilitation payments and solicitation among others. In line with regulatory requirements, the Bank has also rolled out an Anti-Money Laundering, Suppression of Terrorism Financing policy and process.

Anti-Bribery & Corruption

The Anti-Bribery and Corruption Policy ("ABC Policy") of the Bank, details the Bank's stance on anti-bribery and corruption and the minimum standards of behaviour expected from all Directors, Employees, and other stakeholders of the Bank. The ABC Policy of the Bank is based on various concepts in relation to ABC and the new Anti-Corruption Act No.9 of 2023 has also been taken into consideration during the latest review in 2024.

The policy forbids Directors, Employees, and third parties who operate on behalf of the Bank from making any form of facilitation payments and no political contributions may be given to political action committees, political parties, elected officials, or candidates for public office etc. The Bank's appetite towards Political Donations is zero. Bribery is defined as a criminal offence punishable with imprisonment and fines. Accordingly, NDB Bank has zero tolerance for bribery and corruption and is firmly committed to act with integrity, professionalism and fairness in all its business dealings and relationships.

The Bank's ABC Policy is reviewed every two years and the updated Board approved policy is hosted in the Bank's intranet for the consumption of all staff of the Bank.

Further, in order to improve awareness amongst staff members on ABC Policy and applicable industry practices, The Bank collaborated with Transparency International Sri Lanka [TISL] and conducted three training sessions to staff members during the months of October and November in 2023.

As an extension to the awareness sessions conducted during 2023, Bank conducted another awareness session in June 2024 targeting the Board of Directors and Senior Management of the Bank. This awareness session was conducted by an industry expert on the landscape of Anti-Bribery and Corruption sourced by the Bank externally.

SHAPING ORGANISATIONAL CULTURE

The Board seeks to set the right tone at the top aligned to NDB's corporate values facilitating management of impacts and safeguarding the reputation of the Bank whilst also creating a nurturing and mentoring culture where people work together as a team. This culture is carefully nurtured and shaped to ensure that the NDB team is fit for the workplace of the future and that talent is nurtured within the Bank to meet its future business needs.



Shaping our culture

Champion change

Enthusiastic agents of change as we move to realise the aspirations of Voyage 2025

Embrace Technology

A tech savvy workforce that will adapt new tools to enhance productivity

Risk Aware

A risk aware team that is able to identify risks, opportunities and evaluate options

Aware of Impacts

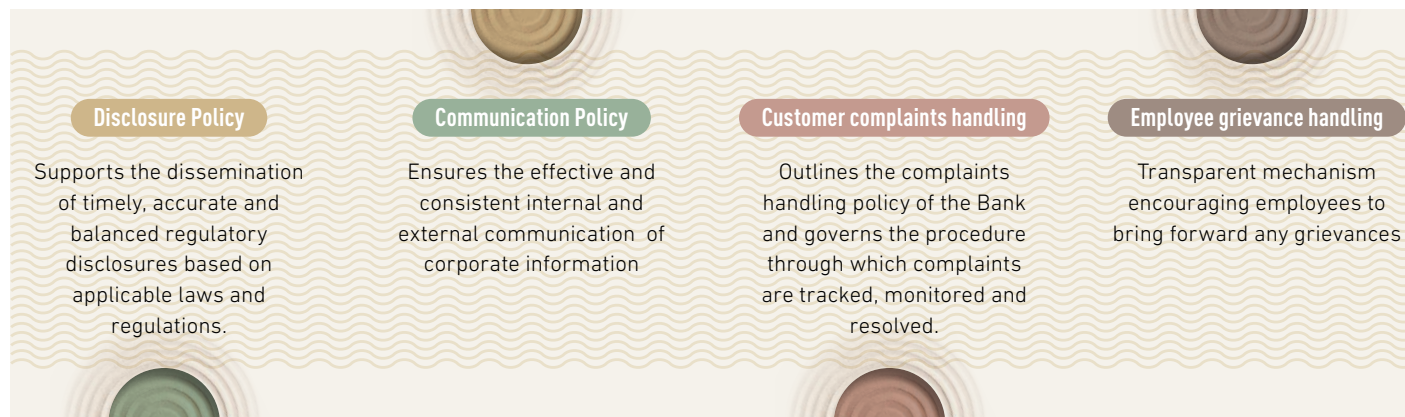
Conscious of environmental and social impacts

Nurturing & Mentoring

A work environment where employees are mentored and talent is nurtured

RESPONSIBLE AND ACCOUNTABLE

Our organisational culture emphasises the importance of driving excellence in relationships, both with our internal and external stakeholders. This is nurtured in the way we engage with, respond to and drive meaningful value creation to our stakeholders. As described on pages 62 to 70, the Bank maps its material stakeholders based on their level of influence, tailors the engagement strategy and delivers it through formal and informal platforms. The frameworks which govern the communication with stakeholders is set out alongside.



SHAREHOLDER ENGAGEMENT

The Board seeks to uphold the rights of our shareholders and ensure that all ordinary shareholders of the same class of shares issued by the Bank are treated equitably. The Bank applies the principle of one share, one vote and one dividend and currently there are no non-voting shares in issue.

The Bank has in place a comprehensive Policy on Relations with Shareholders and Investors which sets out the Bank's policy on communication with the shareholders and investors. In line with this policy, the Bank adopts an array of measures to ensure that shareholder views are heard and fully considered.

- ☉ **Shareholder Meetings:** The Board of Directors of the Bank use the AGMs and EGMs to communicate with shareholders. The AGM provides shareholders the opportunity to contribute their views and engage with the Board of Directors, including the Chairpersons of Subcommittees and members of senior management. The Bank's AGMs are generally well attended, and we encourage

shareholders to participate in fostering a constructive dialog. Resolutions requiring shareholder approval are tabled separately for adoption at the AGM. The Bank held its AGM physically on 28 March 2024 with nearly 55.53% of the shareholding represented.

- ☉ The Bank also held a virtual EGM on 9 August 2024 for the issuance of a maximum of 100,000,000 Basel III Compliant Tier 2, Listed, Rated, Unsecured, Subordinated, Redeemable, Debentures with a non-viability conversion option to ordinary shares with voting rights.
- ☉ **Dissemination of information:** The Bank's website (<https://www.ndbbank.com/>) is one of the primary communication and information-sharing channels with shareholders where there is a dedicated section for investor relations. The Bank provides shareholders with timely information on performance and any other material developments. Numerous platforms are in place to disseminate information

amongst shareholders and analysts; these include investor presentations, press releases, email notifications, online investor webinar and road shows. Shareholders also have a right to public information and other information specified in the Articles of Association of the Bank, the Listing Rules of the CSE and the Companies Act, No. 07 of 2007 (as amended).

- ☉ **Investor Relations:** A dedicated Investor Relations function ensures that shareholders are kept aware of emerging developments.
- ☉ **Communicating concerns:** Shareholders may contact the Company Secretary to bring critical concerns to the attention of the Board.

CORPORATE GOVERNANCE

UPHOLDING RIGHTS OF MINORITY SHAREHOLDERS

The rights of the Bank’s minority shareholders are preserved through the following mechanisms:

- ⦿ All shareholders have equal voting and transfer rights
- ⦿ Efficient voting mechanisms to protect minority shareholders
- ⦿ Process for engaging with minority shareholders- All shareholders have direct access to the Company Secretary
- ⦿ All avenues available to minority shareholders in line with the laws and regulations are facilitated

Disclosure and transparency

The Bank has embraced international best practices in both financial and non-financial reporting. Our key publication to stakeholders is the Bank’s Integrated Annual Report, which adheres to several voluntary reporting frameworks such as the Global Reporting Initiative and the SASB guidelines (refer to page 7 for full list). The financial and non-financial information included in the Report as well as the Integrated Reporting process, has been externally assured. The content included in the Annual Report is determined through a comprehensive materiality assessment and all relevant developments pertaining to these material topics are disclosed in a full and transparent manner.

REMUNERATION

The Bank’s Remuneration aims to attract, motivate, and retain high-calibre employees with the right mix of skills, experience, and knowledge to drive business performance. Our framework promotes ethical behaviour by linking rewards to value creation. The Bank’s compensation policy is based on job evaluation factors such as know-how, job complexity, communication, supervision, and risk impact. Key principles of the Remuneration Framework are,

- ⦿ Recognising sustainable financial performance and business results
- ⦿ As an equal opportunity employer, we do not discriminate between ethnicity, gender or other form of diversity when determining remuneration
- ⦿ Balance between fixed and variable components
- ⦿ Performance appraisals enable the identification of talent at all levels thereby resulting in fair remuneration

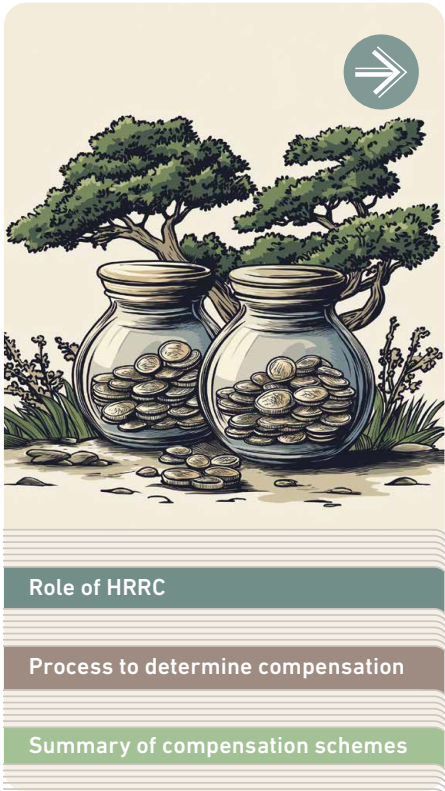
ROLE OF THE HRRC

The HRRC sets policies on salaries, allowances, and financial payments for Directors, the CEO, and KMPs. This committee consists solely of Non-Executive Directors, mostly independent, including the Chairperson with measures in place to prevent any Director from setting their own pay.

The Committee’s responsibilities include,

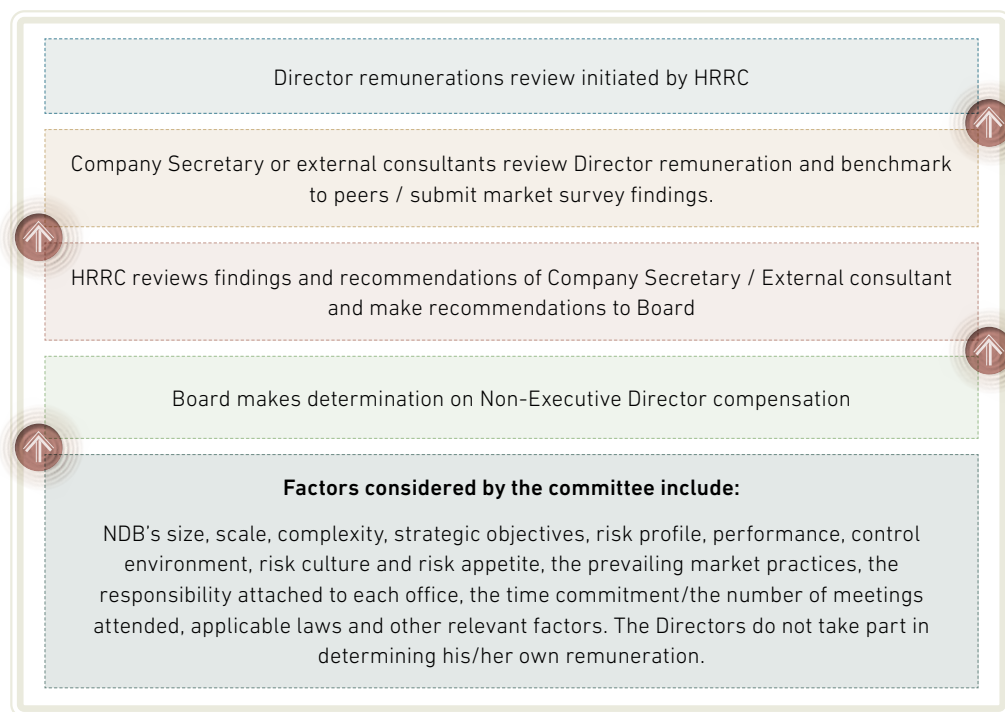
- ⦿ Determining the remuneration policy relating to the Directors, CEO and KMPs of the Bank
- ⦿ Evaluating the performance of the CEO and KMPs against the set goals and targets periodically and determining the basis for revising remuneration, benefits and other payments of performance-based incentives.
- ⦿ Discussing and assessing with the Management the overall remuneration expenditure on all staff and their distribution among different categories and obtaining information on the remuneration and benefits paid/given to consultants engaged by the Bank.

(Please refer to pages 231 to 233 for Report of the HRRC)



PROCESS TO DETERMINE COMPENSATION

The process to determine compensation of the Non-Executive Directors is given below:



The Executive Director is an ex officio Director on account of being the CEO of the Bank and as such is not paid any additional remuneration or benefits by virtue of him being an Executive Director.

SUMMARY OF COMPENSATION SCHEMES

Total employee remuneration includes salaries, bonuses, terminal benefits, share-based payments, and related expenses.

A summary of the Group's remuneration/personnel expenses during the year are given below;

	2024	
	Bank LKR' 000	Group LKR' 000
Director's emoluments	142,132	159,468
Personnel expenses		
Salary and bonus	7,104,214	7,810,324
Contribution to EPF	632,285	682,433
Contribution to ETF	128,233	140,306
Contribution to defined benefit plan		
Pension Fund (Note 42.2 (a))	(36,487)	(36,487)
Gratuity (Note 42.1 (a))	303,511	331,762
Share based payments	103,949	103,949
Others	819,752	877,188

- ⦿ Directors' emoluments consists of the salary/fees paid to both Executive and Non-Executive Directors of the Group.
- ⦿ The Bank has not made any non statutory special payments to directors/Chief Executive Officer and Key Management Personnel (KMPs) upon their termination of employment or at the retirement during the year 2024.

COMPLIANCE DISCLOSURES

Further to the Annual Report of Board of Directors presented on page 23, and as required by Section 168 of the Companies Act No. 7 of 2007, the following information is disclosed in this Annual Report prepared for the year ended 31 December 2024.

Information required to be mandatorily disclosed as per Section 168 of the Companies Act No. 07 of 2007		Reference to the Companies Act	Disclosure reference for compliance closure reference	Pages
1	The nature of the business of the Bank and the Group together with any change thereof during the accounting period.	Section 168 (1) (a)	Note 01 to the Financial Statements – Corporate Information.	270
			Nature of businesses of the Bank and its subsidiaries / the classes of business in which the Bank has an interest.	270
			Confirmation that the state of affairs of the Bank will not be harmful to the business of the Bank.	192
2	Signed Financial Statements of the Bank and the Group for the accounting period completed.	Section 168 (1) (b)	The Financial Statements of the Bank and the Group for the year ended 31 December 2024.	260 – 396
3	Auditor's Report on Financial Statements of the Bank and the Group.	Section 168 (1) (c)	Independent Auditor's Report.	260
4	Accounting Policies and any changes therein (Group also included).	Section 168 (1) (d)	Notes to the Financial Statements: Significant Accounting Policies adopted in the preparation of the Financial Statements of the Bank and the Group.	270 – 396
5	Particulars of the entries made in the Interest Registers of the Bank and its Subsidiaries during the accounting period.	Section 168 (1) (e)	All Directors have made declarations as required by Section 192 (1) and (2) of the Companies Act aforesaid and all related entries were made in the Interest Register during the year under review.	N/A
			Directors' Dealing in shares and Debentures.	488, 495
			The Interest Register is available for inspection by shareholders or their authorised representatives as required by Section 119 (1) (d) of the Companies Act No. 07 of 2007.	N/A
			Note 53 to the Financial Statements: Related Party Disclosures.	355
			Directors' Interests in contracts with the Bank	225-226, 418
6	Remuneration and other benefits paid to Directors of the Bank and its Subsidiaries during the accounting period.	Section 168 (1) (f)	Note 15 to the Financial Statements – Other Expenses.	293
			Corporate Governance report – Director's and Executive remuneration.	215
7	Total amount of donations made by the Bank and its Subsidiaries during the accounting period.	Section 168 (1) (g)	Note 15 to the Financial Statements –Other Expenses.	293
8	Names of persons holding office as directors as at the end of accounting period and names of persons who ceased to hold office.	Section 168 (1) (h)	List of Board of Directors of the Bank.	197
			New Appointments and Resignations.	197
			List of Directors of Subsidiaries of the Bank.	525
9	Separate disclosure on amounts payable to the Auditors as Audit Fees and Fees for other services rendered during the accounting period by the Bank and its Subsidiaries.	Section 168 (1) (i)	Note 15 to the Financial Statements – Other Expenses.	293
10	Auditor's relationship or any interest with the Bank and its Subsidiaries.	Section 168 (1) (j)	The Financial Statements of the Bank for the year ended 31 December 2024 have been audited by Messrs Ernst & Young, Chartered Accountants. They also function as the auditors of the Bank's subsidiary companies namely, NDB Capital Holdings Limited, NDB Wealth Management Limited, NDB Securities (Private) Limited, NDB Investment Bank Limited, Development Holdings (Private) Limited, and NDB Zephyr Partners Lanka (Private) Limited.	237 – 239

COMPLIANCE DISCLOSURES

Other Disclosures	Reference to the relevant statute/ rule	Page reference for compliance and other necessary disclosures	Pages												
17	Details of Directors, including names, fitness and propriety, transactions with the Bank and the total of fees/ remuneration paid by the Bank	3 (8) (ii) (d) Please refer page 206 for Statement on Fitness and Propriety, "Board Directors" on page 197, "Directors' Interest in Contracts with the Bank" on pages 225 to 226 and Note no 15 on page 293 for Directors' remuneration. The Executive Director is the CEO of the Bank and as such is not paid any additional remuneration or benefits by virtue of him being an Executive Director. Details of Directors' transactions with the Bank are given below: <table><tr><th>Transactions</th><th>Outstanding balance as at 31.12.2024 LKR'000</th></tr><tr><td>Accommodation</td><td>10,593</td></tr><tr><td>Deposits</td><td>113,743</td></tr><tr><td>Investments</td><td>-</td></tr></table>	Transactions	Outstanding balance as at 31.12.2024 LKR'000	Accommodation	10,593	Deposits	113,743	Investments	-	206, 293, 197, 225-226				
Transactions	Outstanding balance as at 31.12.2024 LKR'000														
Accommodation	10,593														
Deposits	113,743														
Investments	-														
18	Total accommodation granted to each category of related party and as a percentage of the Bank's regulatory capital	3 (8) (ii) (e) Total Net Accommodation granted to related parties as a percentage of the Bank's regulatory capital are given below: <table><tr><th>Category of Related Parties</th><th>Net Accommodation as at 31.12.2023 LKR'000</th><th>% of Regulatory Capital</th></tr><tr><td>Directors/Close Family Members/ Substantial Interest concerns</td><td>10,593</td><td>0.012%</td></tr><tr><td>Key Management Personnel/ Close Family members/ Substantial Interest concerns</td><td>125,320</td><td>0.145%</td></tr><tr><td>The Bank's subsidiaries and associate companies</td><td>655,000</td><td>0.756%</td></tr></table>	Category of Related Parties	Net Accommodation as at 31.12.2023 LKR'000	% of Regulatory Capital	Directors/Close Family Members/ Substantial Interest concerns	10,593	0.012%	Key Management Personnel/ Close Family members/ Substantial Interest concerns	125,320	0.145%	The Bank's subsidiaries and associate companies	655,000	0.756%	N/A
Category of Related Parties	Net Accommodation as at 31.12.2023 LKR'000	% of Regulatory Capital													
Directors/Close Family Members/ Substantial Interest concerns	10,593	0.012%													
Key Management Personnel/ Close Family members/ Substantial Interest concerns	125,320	0.145%													
The Bank's subsidiaries and associate companies	655,000	0.756%													
19	Aggregate values of remuneration to and transactions with KMPs	3 (8) (ii) (f) Aggregate values of remuneration paid by the Bank and transactions of the Bank with its KMPs <table><tr><th>Transaction type</th><th>Aggregate values/ Outstanding balances as at 31.12.2024 in LKR '000</th></tr><tr><td>Remuneration Paid</td><td>431,274</td></tr><tr><td>Accommodation</td><td>125,320</td></tr><tr><td>Deposits</td><td>629,150</td></tr><tr><td>Investments</td><td>15,000</td></tr></table>	Transaction type	Aggregate values/ Outstanding balances as at 31.12.2024 in LKR '000	Remuneration Paid	431,274	Accommodation	125,320	Deposits	629,150	Investments	15,000	N/A		
Transaction type	Aggregate values/ Outstanding balances as at 31.12.2024 in LKR '000														
Remuneration Paid	431,274														
Accommodation	125,320														
Deposits	629,150														
Investments	15,000														
20	External Auditors Certification of Compliance	3 (8) (ii) (g) The factual findings report has been issued by the External Auditors on the level of compliance with the requirements of these regulations. The Corporate Governance Report from page 192 onwards addresses any findings mentioned in this report.	N/A												
21	Report confirming compliance with prudential requirements, regulations, laws, and internal controls	3 (8) (ii) (h) There are no material non-compliance with prudential requirements regulations, laws and internal controls affecting the Bank.	249-250, 224												
22	Identity of Board Chair and CEO and relationship with Board members	3 (5) (iii) Identity of the Board Chair, CEO and the nature of any relationship, if any, between Board Chair and CEO and the relationships among Board members	205												

Other Disclosures		Reference to the relevant statute/ rule	Page reference for compliance and other necessary disclosures	Pages
23	Internal Control Mechanisms	3 (8) (ii) (b)	A report by the Board on the Bank's internal control mechanism that confirms that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting and that the preparation of financial statements for external purposes has been done in accordance with relevant accounting principles and regulatory requirements.	251-252
24	Non-compliance report	3 (8) (ii) (i)	The Monetary Board of CBSL has not directed the Bank to make any disclosures under this item.	N/A
Listing Rules (LR) of the Colombo Stock Exchange				
25	Statement of Compliance	9.1	Bank has published a statement confirming the extent of compliance with the CSE Corporate Governance Rules, in the Annual Report of the Entity.	436-442
26	Waivers from compliance with the Internal Code of business conduct and ethics for Directors and Employees	9.2.2	No waivers granted in 2024.	N/A
27	List of Policies required by the Listing Rules and details	9.2.3	<p>The Bank has disclosed the existence of the following policies, details of implementation, and details of changes made thereto, in this Report :</p> <ul style="list-style-type: none"> ⦿ Policy on the matters relating to the Board of Directors ⦿ Policy on Board Committees ⦿ Policy on Corporate Governance, Nominations and Re-election ⦿ Policy on Remuneration ⦿ Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Bank's listed securities ⦿ Policy on Risk management and Internal controls ⦿ Policy on Relations with Shareholders and Investors ⦿ Policy on Environmental, Social and Governance Sustainability ⦿ Policy on Control and Management of Company Assets and Shareholder Investments ⦿ Policy on Corporate Disclosures ⦿ Policy on Whistle blowing ⦿ Policy on Anti-Bribery and Corruption <p>The shareholders can peruse the above policies upon request. Details are available on the Bank's website https://www.ndbbank.com/investor-relations/governance-and-shareholding-structure</p>	203
28	Shareholder communications and relations policy	9.4.2	<p>The Board approved Policy on Relations with Shareholders and Investors is available for perusal upon request to shareholders. Details are available in the Annual Report and on the Bank's website https://www.ndbbank.com/investor-relations/governance-and-shareholding-structure</p> <p>The Annual report contains more information on the Bank's Shareholder Engagement.</p> <p>Details of the contact personnel are provided in the "Corporate Information" section of this Report. In addition, shareholders are encouraged to provide their feedback to the Board Chair and/or the Company Secretary. The Bank's website's Investor Relations page also carries contact details of the Company Secretary and a dedicated e-mail for investor relations is also provided.</p>	213 213-214 525
29	Policy governing matters relating to the Board of Directors	9.5.2	The Bank has in place a Policy on matters relating to Board of Directors. A confirmation on compliance therewith is included in this Annual Report.	203

COMPLIANCE DISCLOSURES

Other Disclosures		Reference to the relevant statute/ rule	Page reference for compliance and other necessary disclosures	Pages
30	Director fitness and propriety	9.7.5	Following statements on director fitness and propriety have been included in the Annual Report.	206
			a) A statement that the Directors and CEO of the Listed Entity satisfy the Fit and Proper Assessment Criteria stipulated in the Listing Rules of the Colombo Stock Exchange	N/A
31	Number of independent directors	9.8.5	The Non-Executive Independent Directors are detailed in this report.	197
32	Director disclosures	9.10.4	Bank has made the requisite disclosures regarding Directors in the Annual Report	
			a) name, qualifications and brief profile;	32-37
			b) the nature of his/her expertise in relevant functional areas;	205
			c) whether either the Director or Close Family Members has any material business relationships with other Directors of the Bank;	197
			d) whether Executive, Non-Executive and/or independent Director;	32-37
			e) the total number and names of companies in Sri Lanka in which the Director concerned serves as a Director and/or Key Management Personnel;	207
			f) number of Board meetings of the Listed Entity attended during the year;	208
			g) names of Board Committees in which the Director serves as Chairperson or a member;	208
			h) Details of attendance of Committee Meetings of the Audit, Related Party Transactions Review, Nominations and Governance and Remuneration Committees. Such details shall include the number of meetings held and the number attended by each member.; and,	N/A
33	Nominations and Governance Committee report	9.11.6	The following disclosures have been made in the Nominations and Governance Committee report.	
			(a) the names of the Chairperson and members of the Committee and the nature of directorships held by such members)	227-230
			(b) the date of appointment to the Committee;	
			(c) whether a documented policy and processes are in place when nominating Directors;	
			(d) whether all directors should be required to submit themselves for re-election at regular intervals and at least once in every three (3) years;	
			(e) a disclosure on Board diversity in the range of experience, skills, age, and gender as an essential factor for effective Board performance	
			(f) Details to demonstrate effective implementation of policies and processes relating to appointment and reappointment of Directors.	
			(g) The following information regarding directors who are re-elected or being proposed for re-election during the year:	
			⊙ Board Committees served on (as a member or Chairperson),	
			⊙ Date of first appointment and last re-appointment	
			⊙ Directorships and other principal commitments both present and over past 3 years in other Listed Entities; and,	
			⊙ Other relationships with directors material shareholders etc.	
			(h) Whether periodic evaluations have been conducted on the performance of the Board of Directors and the CEO of the Bank as specified in Rule 9.11.5	
			(i) Processes adopted by the Bank to inform the Independent Directors of major issues relating to the Bank;	

Other Disclosures	Reference to the relevant statute/ rule	Page reference for compliance and other necessary disclosures	Pages
33 Nominations and Governance Committee report (Contd.)	9.11.6	(j) Induction programs/orientation programs conducted for newly appointed Directors on corporate governance, Listing Rules, securities market regulations and other applicable laws and regulations, or an appropriate negative statement; (k) Annual update given to existing Directors on Corporate Governance, Listing Rules, securities market regulation and other applicable laws and regulations, or an appropriate negative statement. (l) A statement that the Directors of the Bank meet the criteria for determining independence. (m) A statement that the Corporate Governance requirements stipulated under the Listing Rules of the CSE have been met and where the Bank's fail to comply with any provisions of such Rules, a statement explaining the reason for such noncompliance and the proposed remedial action taken for the rectification of such noncompliance.	227-230 (Contd.)
34 Remuneration Committee disclosures/ report	9.12.8	The following have been disclosed in this Annual Report, as required. (a) Names of the Chairperson and members of the Remuneration Committee and the nature of directorships held by such members (b) A statement regarding the remuneration policy (c) The aggregate remuneration of the Executive and Non-Executive Directors	231-233
35 Audit Committee Report	9.13.5	The following have been disclosed in this Annual Report, as required. (a) the names of the Chairperson and the members of the Audit Committee, and the nature of directorships held by such members (or persons in the parent company's committee in the case of a group company) (b) The status of risk management and internal control of the Bank and as a Group (where applicable) (c) A statement that it has received assurance from the CEO and the CFO of the Bank's operations and finances (d) An opinion on the compliance with financial reporting requirements, information requirements under these Rules, the Companies Act and the SEC Act and other relevant financial reporting related regulations and requirements. (e) whether the Bank has a formal Audit Charter; (f) the manner in which internal audit assurance is achieved and a summary of the work of the internal audit function (g) Details demonstrating the effective discharge of its functions and duties for that financial year of the Bank (h) a statement confirming that written assurance was obtained from the external auditors approved by the SEC, confirming that they are and have been independent throughout the conduct of the audit engagement (i) a statement confirming that the Audit Committee has made a determination of the independence of auditors and the basis of such determination and such other details specified in 9.13.5	237-239 See IRMC Report on pages 234-236 for item (b)
36 Related Party Transactions	9.14.8	Disclosures in the Annual Report on recurrent and non- recurrent related party transactions as stipulated in this section.	N/A
37 Related Party Transactions Committee Report	9.14.8	The Annual Report shall contain a report by the Related Party Transactions Review Committee, setting out the following: 1. The names of the Directors comprising the Committee; 2. A statement to the effect that the Committee has reviewed the Related Party Transactions during the financial year and has communicated its comments/observations to the Board of Directors. 3. The policies and procedures adopted by the Committee for reviewing the Related Party Transactions.	240-241
38 Affirmative Declaration on compliance with Related Party Transaction rules	9.14.8	Affirmative declaration by the Board of Directors on compliance with RPT Rules or negative statement to that effect.	241

COMPLIANCE DISCLOSURES

Other Disclosures		Reference to the relevant statute/ rule	Page reference for compliance and other necessary disclosures	Pages
39	Additional Disclosures	9.16	The Directors declare that-	N/A
			(i) they have declared all material interests in contracts involving in the Bank and whether they have refrained from voting on matters in which they were materially interested;	
			(ii) they have conducted a review of the internal controls covering financial, operational and compliance controls and risk management and have obtained reasonable assurance of their effectiveness and successful adherence therewith;	
			(iii) they made arrangements to make themselves aware of applicable laws, rules and regulations and are aware of changes particularly to Listing Rules and applicable capital market provisions;	
			(iv) in 2024 there were no material non-compliances with law or regulation or any fines, which are material, imposed by any government or regulatory authority.	
Code of Best Practice on Corporate Governance 2023 (the “Code”)				
40	Statement of Compliance with the Code of best Practice on Corporate Governance 2023	D.7.1	All required disclosures have been made below and status of compliance has been detailed.	420-435
41	Senior Independent Director/ Board Chair and CEO	A.2.1 and A.5.7	The Bank is not required to appoint a Senior Independent Director, hence this requirement is not applicable.	N/A
42	Board Balance	A.5.5	Non-Executive Independent directors are identified and disclosed.	197
			The Bank has not declared any Directors as “nevertheless independent”.	N/A
43	Appraisal of Board Performance	A.9.4	The Bank has disclosed how performance evaluations have been conducted.	205
44	Board related disclosures	A. 10.1	The Bank has disclosed the required Director details in this Annual Report.	See item 32
45	Disclosure of Remuneration	B.3 and B.3.1	A statement of remuneration policy;	232
			Details of remuneration of the board as a whole;	215
			Names of directors comprising the remuneration committee, scope and number of meetings held.	231-233
46	Major and Material Transactions	C.3, C.3.1 and C.3.3	Bank has no major transactions to disclose in 2024.	N/A
47	Code of Business Conduct and Ethics	D.6.1 and D.6.7	The Bank has disclosed the existence of this policy in the Annual Report.	203
48	Whistleblowing Policy	D.6.4	The Bank has implemented a comprehensive procedure to address concerns raised by the Whistleblower Policy. More details are disclosed in the Annual Report.	210
49	Communication with shareholders	C.2.2- C.2.7	The Bank has disclosed details of the Policy on Relations with Shareholders and Investors in this Annual Report.	213
			Contact person for shareholder communication.	525
			The process to make all directors aware of major issues and concerns of shareholders.	210
50	Cyber Security	G. 5	Process to identify and manage cyber security risks.	210-211
51	Sustainability: ESG Disclosures	H.5, H.5.2 H.5.3	Information on the Bank’s commitment to sustainability and integrating ESG consciousness.	80-83, 172-185, 210
52	Financial Statements	D. 1.5	Statement of responsibility by the Board of Directors for the preparation and presentation of financial statements.	253
			Auditor’s statement on reporting responsibility.	260-262
53	Risk Management and Internal Control	D.1.5 D.2.1.7	Statement on risk management and internal control.	251-252, 443-483
		D.2.2.1 D.4.5	Report of the Integrated Risk Management Committee.	234-236
54	Related Party Transactions	D.1.8	The Board has disclosed the related parties and related party transactions as specified by SEC/ Sri Lanka Accounting Standards/Sri Lanka Auditing Standards and similar regulations.	240-241, 355-359

Other Disclosures		Reference to the relevant statute/ rule	Page reference for compliance and other necessary disclosures	Pages
55	Management Report	D.1.6	Management Discussion and Analysis Report.	84-191
56	Related Party Transactions Review Committee Report	D.5.3	Report of the Related Party Transactions Review Committee.	240-241
57	Audit Committee Report	D.4.5	Report of the Audit Committee.	237-239
58	Remuneration Committee Report	B.3.1	Report of the Human Resources and Remuneration Committee.	231-233
59	Report of the Board of Directors	D.1.4	<p>The Directors declare that-</p> <ul style="list-style-type: none"> ⊙ The Bank has not engaged in any activity, which contravenes laws and regulations, ⊙ The directors have declared all material interests in contracts involving the Bank and refrained from voting on matters in which they were materially interested, ⊙ The Bank has made all endeavours to ensure the equitable treatment of shareholders, ⊙ The Directors have complied with best practices of corporate governance ⊙ Property, plant and equipment are reflected at fair value, where it is different from fair value, and adequate disclosures are made, ⊙ The business is a going concern, with supporting assumptions or qualifications as necessary. 	N/A
Other Laws and Regulations				
60	Duty of the Board of Directors to prepare the Financial Statements of the Bank and the Group	S 150 - 153 of the Companies Act (CA) No. 7 of 2007	<p>Board of Directors acknowledges its responsibility to prepare the Financial Statements of the Bank and the Group, which reflect a true and fair view of the financial position and performance of the Bank and the Group.</p> <p>In this regard, the Board of Directors wishes to confirm that the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, and Significant Accounting Policies and Notes thereto have been prepared and presented in conformity with the requirements of the Sri Lanka Accounting Standards as mandated by the Sri Lanka Accounting and Auditing Standards Act No. 15 of 1995 and the Companies Act No. 07 of 2007 and amendments thereto.</p>	249-250
61	Dividends on Ordinary Shares	S 56 of the CA No. 7 of 2007	Note 20 and 54 to the Financial Statements – Dividends and Events after the Reporting period.	359, 397
62	Appointment of Auditor, Auditor's fees, duty to avoid conflict of interest etc	S 154, 155, 162 & 163 of the CA No. 7 of 2007	The Bank's External Auditors, Messrs Ernst & Young, who were appointed in accordance with a resolution passed at the 16th Annual General Meeting held on 9th April 2021 have expressed their opinion in this Annual Report. The details on the remuneration of External Auditors have been disclosed in this Annual Report. As far as the Directors are aware, the Auditors do not have any other relationship with the Bank, or any of its subsidiaries and its associate. The External Auditors do not have any interest in contracts with the Bank, or any of its subsidiaries and its associates.	293, 237 - 239
63	Insurance and Indemnity	S 218 of the CA No. 7 of 2007	Pursuant to a decision of the Board, the Bank obtained an Insurance Policy to cover Directors' liability. The Bank has accordingly paid an insurance premium in respect of the said insurance policy for the benefit of the Bank and the Directors and certain employees of the Bank and related body corporates as defined in the insurance policy.	N/A
64	Own share purchases	CA s.64	The Bank has not purchased its own shares.	N/A
65	Taxation	Laws related to taxation	Note 16 and 18 to the Financial Statements.	293, 294
66	Statutory payments	Laws and regulations related to all statutory payments	The Directors, to the best of their knowledge and belief, are satisfied that all statutory payments in relation to the Government of Sri Lanka and the employees have been made up to date.	253

COMPLIANCE DISCLOSURES

Other Disclosures	Reference to the relevant statute/ rule	Page reference for compliance and other necessary disclosures	Pages
Good Governance Disclosures as followed by the Bank (GGD)			
67 Vision, Mission and Corporate Conduct	GGD	The Bank and the Group practices high ethical standards in carrying out their business activities in line with the vision of the Bank. All employees of the Bank abide by the Bank's Code of Conduct and the Directors and the Key Management Personnel of the Bank additionally abide by the Policy on Corporate Governance and the Corporate Governance Process Manual of the Bank.	192, 211-212
68 Review on Operations of the Group and the Bank and future developments	GGD	A review of the operations of the Bank and the Group are discussed in the Message from the Board Chair, Chief Executive Officer's Review and the Management Discussion and Analysis. Note 52 to the Financial Statements: Segmental Analysis - Group	84-191, 24-26, 27-30 353
69 Changes to the Group structure	GGD	There were no changes to the group structure during the year.	N/A
70 Gross Income	GGD	Note 04 to the Financial Statements - Gross Income.	277
71 Performance of the Bank and the Group	GGD	Statement of Profit and Loss.	263
72 Reserves & appropriations	GGD	Statement of Changes in Equity. Note 45, 46 and 47 of the Financial Statements – Statutory Reserves, Retained Earnings and Other Reserves.	266 343, 344
73 Investment Property	GGD	Note 32 to the Financial Statements - Investment Property.	320
74 Capital commitments	GGD	Note 49.2 to the Financial Statements.	349
75 Issue of Shares and Debentures by the Subsidiaries and Associates during the year	GGD	Note 30 and 31 to the Financial Statements.	318 - 319
76 Disclosure of Director's Dealing in shares and Debentures	GGD	Section 6 and Section 14 of the Section on "Investor Relations".	488, 495
77 Environmental Protection	GGD	The Bank and the Group have not engaged in any activity that is detrimental to the environment, and have complied with the environmental laws and regulations at all times. Specific activities carried out during the year to protect the environment are detailed in the Management Discussion and Analysis.	177-179
78 Events Occurring after the Date of the Statement of Financial Position	GGD	There have been no events that require adjustment to the Financial Statements or disclosure in the Financial Statements that has occurred subsequent to the date of the Statement of the Financial Position of the Bank. Note 54 to the Financial Statements.	359
79 Human Resources	GGD	The Human Resources activities carried out during the year to focus on the strategic objectives are detailed in the Human Resources and Remuneration Committee report and Management Discussion and Analysis.	136-148
80 Operational Excellence	GGD	Operational Excellence is also a key Strategic Objective of the Bank and focusses on increasing efficiency and managing operational costs. The Bank has on going initiatives to drive policy and process standardisation and to optimise the use of existing technology platforms.	50-54
81 Outstanding Litigations	GGD	In the opinion of the Directors and the Bank's lawyers, pending litigations against the Bank disclosed in the Financial Statements will not have a material impact on the financial position of the Bank or its future operations. Note 49.3 to the Financial Statements.	349
82 Corporate Social Responsibility (CSR)	GGD	CSR Initiatives in 2024 are highlighted in the Annual Report.	177-179
83 Sustainability	GGD	All Business strategies are formulated considering the sustainability aspects of the Bank including Sustainability practices and reporting.	80-83
84 Technology	GGD	All processes of the Bank are improved focusing superior customer services through embedding state-of-the-art technology to all its processes and products.	159

CORPORATE GOVERNANCE

(For further Compliance Disclosures please refer pages 216 - 224)

STATEMENT OF COMPLIANCE - DIRECTION NO. 11 OF 2007 (AS AMENDED) ON CORPORATE GOVERNANCE ISSUED BY THE MONETARY BOARD OF THE CENTRAL BANK OF SRI LANKA (THE CORPORATE GOVERNANCE DIRECTION 2007)

The Corporate Governance Direction 2007 provides processes and practices deemed to be the framework that facilitates the conduct of the banking business in a responsible and accountable manner so as to promote the safety and soundness of the Bank, thereby leading to the stability of the overall banking sector. The disclosures below reflect the Bank's compliance with the Corporate Governance Direction 2007 under the following key principles:

1. The responsibilities of the Board;
2. The Board's composition;
3. Criteria for the assessment of the fitness and propriety of Directors;
4. Management functions delegated by the Board;
5. The Board Chair and the Chief Executive Officer;
6. The Board appointed Sub committees;
7. Related Party Transactions; and
8. Disclosures;

Note: The Banking Act Directions on Corporate Governance, No. 05 of 2024 ("Corporate Governance Direction 2024") issued by the Central Bank of Sri Lanka, repealed and replaced the Corporate Governance Direction No. 11 of 2007, with effect from 1 January 2025 (subject to extended timelines). While the Bank has taken steps to ensure compliance with the Directions No. 05 of 2024 well ahead of the timelines stipulated therefore, the Bank will fulfil its disclosure requirements in the 2024 Annual Report under the Corporate Governance Direction 2007. For more information on NDB's proactive approach to Corporate Governance, refer the Corporate Governance Report on page 192-215.

Rule No.	Corporate Governance Principles	Compliance Status
3 (1) Responsibilities of the Board		
3 (1) (i)	The Board has strengthened the security and the soundness of the Bank in the following manner:	
a.	<p>Setting and communicating strategic objectives and corporate values</p> <p>In response to the evolving market dynamics and in consideration of the potential the Bank possesses in making considerable progress in certain performance aspects that can drive the Bank's profitability, the Bank focused on a curated strategy for the short term. The key focus areas of this strategy was driving transactions (thereby drive fee income, an integral component of the Bank's overall revenue structure), enhancing the loan book quality and increasing the Bank's interest margins. All these strategic focus areas were expected to drive related KPIs, and the advancements made are reflected in the Bank's financial results for 2024.</p> <p>This strategy was duly approved by the Board of Directors. Teams comprising cross-functional representation led by senior management persons were appointed to drive each focus area and operationalise initiatives. All staff were well apprised of the strategy and developments through various knowledge sharing sessions and communications in making them all a part of the process.</p> <p>The corporate values of the Bank are embedded in the Bank's Code of Conduct for Employees which is communicated to all employees via the Bank's intranet, through the induction programmes, refresher trainings, Continuous reminders by way of e-flyers and staff engagement activities that drive these values.</p>	Compliant
b.	<p>Approving overall business strategy including risk policy and risk management</p> <p>The business strategy for the short-term focused on the three key strategic aspects as outlined above in 3 (1) (i) a, upon a review of the existing Strategic Plan</p> <p>The Bank has established an Integrated Risk Management Framework approved by the Board covering all risks. There are separate risk policies and risk management procedures with regard to credit risk, operational risk and market and liquidity risk. The strategic risk is embedded in each of these procedures based on applicability.</p> <p>Further, the Bank has a Board approved risk appetite statement which is monitored by the Integrated Risk Management Committee (IRMC) and the Board on a quarterly basis. The Bank has embarked on the evaluation of its strategy for the medium to long term with external advisory assistance where the current economic landscape and the Bank's current position including its risk appetite is considered.</p>	Compliant

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Rule No.	Corporate Governance Principles	Compliance Status
c.	<p>Risk management</p> <p>The Board is responsible for the overall risk framework of the Bank.</p> <p>The IRMC appointed by the Board, reviews and recommends to the Board, the Bank's risk policies and procedures defining the Bank's risk appetite, identifying principal risks, setting governance structures and implementing policies and systems in line with the Integrated Risk Management Framework to measure, monitor and manage the principal risks of the Bank. The Board has approved risk management policies and procedures as reviewed and recommended by the IRMC, based on these parameters and as required by this Direction.</p> <p>The following reports provide further insight in this regard:</p> <p>The Risk Management Report on pages 190 to 191.</p> <p>Integrated Risk Management Committee Report on pages 234 to 236.</p>	Compliant
d.	<p>Communication with all stakeholders</p> <p>The Bank has in place a Board approved Communication Policy aimed to encourage effective communication of corporate information relating to the Bank with stakeholders including employees, customers, creditors, general public and the regulators. This policy is regularly reviewed in order to reflect the best practices in communication.</p> <p>The Board approved Policy on Relations with Shareholders and Investors sets out the Bank's policy on effective communications and relations with the shareholders and investors of the Bank.</p> <p>Refer page 213 for more information on the Bank's Shareholder Engagement.</p>	Compliant
e.	<p>Internal control system and management information systems</p> <p>The Board is assisted by the Audit Committee (AC), which evaluates the adequacy and effectiveness of the internal control systems, and reviews internal control issues identified by the Bank's Internal Audit, External Auditor, regulatory authorities and the Management.</p> <p>The MIS process of the Bank is continuously being improved. The Board also reviews the adequacy of the Bank's Management Information Systems, based on the monthly MIS pack submitted to the Board each month.</p>	Compliant
f.	<p>Key Management Personnel (KMPs)</p> <p>KMPs of the Bank have been identified by the Board having considered the Banking Act Determination No. 1 of 2019 (as amended) on officers performing executive functions of the Bank, and presently are members of the Leadership Team whose names are detailed on pages 38 to 40 of this Report.</p> <p>The fitness of the KMPs are recommended by the Nominations and Governance Committee (NGC) and approved by the Board.</p>	Compliant
g.	<p>Define areas of authority and key responsibilities for Directors and KMPs</p> <p>The Bank's Policy on Corporate Governance and the Corporate Governance Process Manual sets out a clear division of authority and responsibilities between the Directors and the KMPs. The Directors have set goals and targets for the year 2024. The duties and responsibilities of KMPs are documented in their respective job descriptions and scorecards. The Board through the HRRC evaluated the performance of the KMPs against set goals and targets.</p>	Compliant

Rule No.	Corporate Governance Principles	Compliance Status
h.	<p>Oversight of affairs of the Bank by KMPs</p> <p>To enable the Board to discharge its stewardship and fiduciary responsibilities effectively it delegates authority to the Board committees to oversee specific responsibilities based on clearly defined terms of reference. The Board has delegated its authority in operational areas to the Senior Management led by CEO within clearly defined limits. The Board regularly interacts with the Bank's KMPs through reports tabled at both Board, subcommittee meetings and at any special meetings convened on a needs basis.</p> <p>KMPs make regular presentations to the Board on matters under their purview and are also called in by the Board to explain matters relating to their areas.</p> <p>Banking operations carried out in line with the Bank's strategic objectives including any issues faced by the Bank are discussed on an ongoing basis at Board meetings and also at special meetings scheduled with Directors based on the exigencies of times through which Directors provide the required oversight and guidance to the KMPs.</p> <p>The CEO, at bi-monthly meetings held with the Leadership Team, updates them on key decision points taken by the Board.</p>	Compliant
i.	<p>Assess effectiveness of own governance practices</p> <p>The NGC has been tasked with new responsibilities in setting the governance standards and framework of the Bank.</p> <p>The Bank's Policy on Conflicts of Interest clearly provides guidance on avoiding, managing and disclosing conflicts of interests. The Directors provide declarations on a quarterly basis. The Directors' interests are disclosed to the Board and Directors and Directors who have a particular interest have stepped out from discussions and abstained from voting in such a situation and he/she is not counted in the quorum.</p> <p>Determination of weaknesses in the Board of Directors own governance practices and implementation of changes are primarily addressed through the annual self-evaluation process among the Board members. Self-evaluations for the year 2024 have been collected and summarised by the Company Secretary and submitted to the Board Chair for his review. The Board Chair then discusses areas of weaknesses and recommends changes where necessary at a Board meeting in order to ensure that governance practices are continuously improved throughout the year. Where necessary, the Board Chair may engage Directors on a one-on-one basis to discuss their feedback/address any concerns etc. In addition, the Board Chair and the Board being conscious of good governance principles, focuses on its practical implementation through its routine interaction with and oversight of the CEO and KMPs through the monthly Board meetings and as and when needed.</p>	Compliant
j.	<p>Succession plan for KMPs</p> <p>The Board, through the HRRC advised on talent identification, talent mapping, and a leadership competency development plan covering all key roles at the Bank. This exercise resulted in updating and improving succession planning at the Bank. Where the NGC advises and assesses the suitability of the identified successors.</p>	Compliant
k.	<p>Regular meetings with KMPs</p> <p>The KMPs make regular presentations or are called in for discussions at the meetings of the Board and its sub committees on policy and other matters relating to their areas. Board has access to CEO and KMPs of the Bank on a needs basis for matters relating to the business and operations of the Bank.</p>	Compliant
l.	<p>Regulatory environment and maintaining an effective relationship with the regulator</p> <p>CBSL Circulars, directions and guidelines issued by the regulators are circulated to the Directors on a quarterly basis for their information. Through the BoardPac together with explanatory notes which detailed the key areas of impact and a snapshot of key regulatory changes during each quarter with the status of compliance was provided to the Board.</p> <p>The CEO meets with the Central Bank officials at the monthly CEO's meeting. The Board Chair and the Chairpersons of the Board sub committees also meet with the CBSL officials.</p> <p>Further, the Directors, the CEO and KMPs of the Bank maintain dialogue with the regulators on an ongoing basis and attend the Director's forum arranged by the CBSL. In addition, the Board was updated and made aware of the several regulatory changes that took place in 2024, by internal and external experts in order to ensure Board's knowledge and understanding and possible impact to the Bank.</p>	Compliant

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Rule No.	Corporate Governance Principles	Compliance Status
m.	<p>Hiring and oversight of External Auditors</p> <p>Audit Committee Charter includes the functions of hiring and overseeing of the External Auditor. The AC carries out the necessary due diligence regarding the hiring/evaluation of the External Auditor and makes recommendations to the Board. The appointment/re-appointment of the External Auditor is made at the Annual General Meeting.</p> <p>Oversight of the External Auditor is carried out by the AC and the Board is been briefed of any concerns in this regard if required.</p> <p>A formal evaluation of the External Auditors' Performance is assessed annually by the AC by also considering the evaluation done by VP - Finance and conclusions together with any recommendations are discussed at Board level.</p>	Compliant
3 (1) (ii)	<p>Appointment of Board Chair and CEO and defining and approving their functions and responsibilities</p> <p>In line with the Direction, the Bank's Board-approved Policy on Corporate Governance and the Corporate Governance Process Manual documents the functions and responsibilities of the Board Chair and the CEO.</p> <p>The Board has appointed the Board Chair and CEO and has approved their functions. There is a clear division of responsibilities between the Board Chair and the CEO, and this requirement is further explained on pages 200.</p>	Compliant
3 (1) (iii)	<p>Regular Board meetings</p> <p>Regular monthly Board meetings are held and special Board meetings are scheduled as and when the need arises. There have been 14 Board meetings during 2024 which included 02 special meetings. In addition, the sub committees of the Board meet as and when necessary.</p> <p>Each member of the Board brings different areas of expertise, skills and experience to the table which encourages a robust exchange of alternate views and ways of thinking.</p> <p>Circulation of Board papers to obtain Board's consent is minimised and resorted to only when absolutely necessary. These decisions are in any event later confirmed by the Board at the immediately succeeding Board meeting. 11 circular resolutions have been passed by circulation during 2024.</p> <p>Please refer page 207 and 208 for Board and Board Subcommittee meeting attendance respectively.</p>	Compliant
3 (1) (iv)	<p>Arrangements for Directors to include proposals in the agenda</p> <p>All Directors are entitled to include matters and proposals in the agenda for Board meetings and this right has been entrenched in the Bank's Policy on Corporate Governance and the Corporate Governance Process Manual.</p> <p>Monthly meetings are scheduled and informed to the Board at the end of the previous and this facilitate to submit proposals to the agenda for regular meetings. Additionally, a separate agenda item has been included in the monthly Board meeting agenda for Directors to raise any matters relating to the Bank's business and operations.</p>	Compliant
3 (1) (v)	<p>Notice of Meetings</p> <p>Monthly meetings for a calendar year are scheduled and informed to the Board at the end of the previous calendar year to provide Directors ample notice and an opportunity to participate.</p> <p>Formal notice of meetings, the agenda and Board papers related to each Board meeting are circulated at least 7 days in advance of the Board meeting. These documents are uploaded through a secure connection to the tablets of all Directors.</p>	Compliant
3 (1) (vi)	<p>Directors' attendance</p> <p>The Company Secretary monitors Directors attendance register to ensure compliance. All Directors have attended at least two thirds of the meetings held during the year 2024 and no Director has been absent for three consecutive meetings during 2024, if eligible to attend.</p> <p>Attendance of Directors at Board meetings is detailed on page 207.</p>	Compliant

Rule No.	Corporate Governance Principles	Compliance Status
3 (1) (vii)	<p>Appointment and setting responsibilities of the Company Secretary</p> <p>The Policy on Corporate Governance and the Corporate Governance Process Manual includes the responsibilities of the Company Secretary as specified in the statutes and other regulations.</p> <p>The Company Secretary appointed by the Board is an Attorney at Law who satisfies the provision of Section 43 of the Banking Act, Companies Act and the Articles of Association of the Bank. Please refer page 37 for a detailed profile and page 200 for duties and responsibilities of the Company Secretary.</p>	Compliant
3 (1) (viii)	<p>Directors' access to advice and services of the Company Secretary</p> <p>The Policy on Corporate Governance and the Corporate Governance Process Manual of the Bank includes a provision to enable all Directors to have full access to the advice and services of the Company Secretary to ensure that proper Board procedures are followed and all applicable rules and regulations are complied with. For the year 2024, the Company Secretary has provided assistance to the Directors when requested.</p>	Compliant
3 (1) (ix)	<p>Maintenance of Board minutes</p> <p>The Company Secretary maintains detailed Board minutes and circulates minutes to all Directors for consideration after the approval of the Board Chair. The minutes are approved at the subsequent Board meetings. The Bank's Policy on Corporate Governance and the Corporate Governance Process Manual also provides that minutes are open for inspection at any reasonable time, upon reasonable notice given by any Director. Additionally, the Board has access to the past Board papers and Board minutes through a secure connection to the tablets of all Directors.</p>	Compliant
3 (1) (x)	<p>Maintaining minutes with sufficient details to serve as a reference for regulators and supervisory authorities</p> <p>A Board-approved procedure is in place for recording the Board minutes by the Company Secretary.</p> <p>The minutes contain adequate details appropriate to the matters dealt with. The minutes are read together with the corresponding Board papers, which supplement information in the minutes. All matters required to be minuted in terms of 3(1) (x) (a)–(f) of the Direction are recorded in the minutes. Please refer page 206 of the Corporate Governance report.</p>	Compliant
3 (1) (xi)	<p>Directors' ability to seek independent professional advice</p> <p>There is a process for Board members to obtain independent professional advice at the expense of the Bank. The Board has obtained professional advice during the year.</p>	Compliant
3 (1) (xii)	<p>Dealing with conflicts of interest</p> <p>The Directors are conscious of their obligations to deal with situations where there is a conflict of interest in accordance with the Articles of Association of the Bank, the Listing Rules and the Corporate Governance Directions.</p> <p>The Policy on Corporate Governance and the Corporate Governance Process Manual adopted by the Board, requires each Board member to determine whether he/ she has a potential or actual conflict of interest. If a Director of the Bank has a conflict of interest in a matter to be considered by the Board, which the Board has determined to be material, such matters are disclosed and discussed at the Board meetings, where Non-Executive Independent Directors who have no material interest in the transaction, are present.</p> <p>Further, Directors abstain from participating in the discussion and voting on Board resolutions in relation to which such Directors or any of their close relation/s or a concern in which such Directors or any of their close relation/s have substantial interest, and/or are interested in. Further, their votes are not counted in the quorum for the relevant agenda item at the Board meeting.</p>	Compliant
3 (1) (xiii)	<p>Formal schedule of matters reserved for Board decision</p> <p>The Board has a formal schedule of matters specifically reserved to it for decision to ensure that direction and control of the Bank is firmly under its authority.</p> <p>See page 202 for a list of matters reserved for the Board of Directors.</p>	Compliant

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Rule No.	Corporate Governance Principles	Compliance Status
3 (1) (xiv)	Inform the Central Bank on probable solvency issues The Bank is aware of the requirement, but the situation has not arisen within the year. A Solvency Statement is prepared when the Bank declare the dividend payment to shareholders which is audited by the External Auditors.	Compliant
3 (1) (xv)	Capital adequacy Monthly and quarterly compliance reports have been submitted to the Board which contains the Capital Adequacy Ratio (CAR). The Bank is fully compliant with the Capital Adequacy requirements stipulated by the Central Bank of Sri Lanka. Also, the Internal Capital Adequacy Assessment Process (ICAAP) covers capital planning over the next 3 years. Refer pages 473 to 482 on Basel III Disclosures under Pillar III as per the Banking Act Direction No 01 of 2016 (as amended).	Compliant
3 (1) (xvi)	Publish Corporate Governance Report in this Annual Report This Report forms part of the Corporate Governance Report of the Bank which is set out on pages 192 to 215 and pages 404 to 419.	Compliant
3 (1) (xvii)	Self-assessment of Directors In accordance with the Direction, the Board annually assesses the effectiveness of the Director's own governance practices and therefore the Board has adopted a scheme of self-assessment to be undertaken by each Director annually. The evaluation covers a range of issues including the Board composition, timeliness and quality of information provided to the Board and their individual goals and responsibilities. The Board Chair reviews the responses based on the summarised responses for the previous year's self-assessment of the Directors to the self-assessment questionnaire and reports to the Board on any identified weaknesses and lapses and recommends an action plan for approval of the Board if necessary. The Board periodically reviews the progress made on the action plan. Where necessary, the Board Chair may engage Directors on a one-on-one basis to discuss their feedback/address any concerns etc.	Compliant
3 (2) Board Composition		
3 (2) (i)	Number of Directors The number of Board Directors during the year 2024 was in compliance with the thresholds detailed in this Direction and the Articles of Association of the Bank. As at 31 December 2024, the Board comprised nine (09) Directors.	Compliant
3 (2) (ii)	Period of service of a Director None of the Directors have exceeded 9 years of service during the year 2024. The Company Secretary monitors this requirement. Details of tenure of service is given on page 198.	Compliant
3 (2) (iii)	Board balance The CEO of the Bank is the only Executive Director and thus the Bank complies with this requirement	Compliant
3 (2) (iv)	Non-Executive Independent Directors The Board through Nominations and Governance Committee assesses the independence or non-independence of each Non-Executive Director based on declarations made by each Director to the Company Secretary. The frequency of obtaining declarations from the Directors was increased from annual basis to quarterly basis from Q4 2024 in line with the new Corporate Governance Direction. As at 31 December 2024 there were 6 Non-Executive Independent Directors on the Board which is above the regulatory requirement. The Non-Executive Independent Directors are detailed on page 197 of this report.	Compliant
3 (2) (v)	Alternate Independent Directors Directors appoint Alternate Directors in line with this Direction and the Articles of the Bank as and when required for a particular meeting. During the year 2024, Alternate Directors appointed by Independent Directors for a particular meeting met the criteria that apply to an Independent Director.	Compliant

Rule No.	Corporate Governance Principles	Compliance Status
3 (2) (vi)	Criteria for Non-Executive Directors A Board-approved procedure to select and appoint Non-Executive Directors is in place. The Non-Executive Directors of the Bank are persons with credible track records and have necessary skills and experience to bring an independent judgment to bear on issues of strategy, performance, risks and resources. Please refer the profiles of Non-Executive Directors on pages 32 to 37 of this Report.	Compliant
3 (2) (vii)	More than half the quorum to comprise of Non-Executive Directors The CEO of the Bank is the only Executive Director. Hence all Board meetings have met this requirement.	Compliant
3 (2) (viii)	Identify Non-Executive Independent Directors in communications and disclose categories of Directors in this Annual Report The Non-Executive Independent Directors are expressly identified as such in all corporate communications that disclose the names of Directors of the Bank. The composition of the Board, by category of Directors, including the names of the Board Chair, Executive Director, Non-Executive Directors and Non-Executive Independent Directors are given on page 197 of the Corporate Governance Report.	Compliant
3 (2) (ix)	Formal and transparent procedure for appointments to the Board There is in place a formal, considered and transparent procedure for the appointment of new Directors to the Board. In practice, Directors are appointed based on recommendations made by the Nominations and Governance Committee. The Board has additionally evolved a succession plan collectively with the NGC to make certain the orderly succession of appointments to the Board.	Compliant
3 (2) (x)	Election of Directors filling casual vacancies Appointment to fill a casual vacancy is made by the Board on the recommendations of the Nominations and Governance Committee. A person so appointed would stand for re-election at the next Annual General Meeting in accordance with the Articles of Association. This requirement does not arise for the upcoming AGM.	Compliant
3 (2) (xi)	Communication of reasons for removal or resignation of Director There were two resignations during 2024 both of which complied with the disclosure requirements detailed in the Corporate Governance Directions and the CSE Listing Rules.	Compliant
3 (2) (xii)	Prohibition of Directors or employees of a Bank becoming a Director of another bank No Directors or employees of the Bank are a Director of another Bank. The Nominations and Governance Committee takes into account this requirement in their deliberations when considering the appointments of Directors. The Bank's "Code of Conduct" further incorporates this requirement for employees.	Compliant
3 (3) Criteria to assess fitness and propriety of Directors		
3 (3) (i)	Age of Director should not exceed 70 There are no Directors who are over 70 years of age.	Compliant
3 (3) (ii)	Directors should not be Directors of more than 20 companies/entities/institutions inclusive of subsidiaries or associate companies of the Bank. No Director holds Directorships of more than 20 companies. The Directorships of each of the Directors are disclosed on pages 32 to 37 of the Annual Report.	Compliant
3 (3) (iii)	Director or CEO of the Bank shall not be appointed before the expiry of a period of 6 months from the date of cessation of his/her office at another licensed bank (Cooling-off Period) The Company Secretary monitors this requirement.	Compliant

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Rule No.	Corporate Governance Principles	Compliance Status
3 (4) Management functions delegated by the Board		
3 (4) (i)	Understand and study delegation arrangements	Compliant
3 (4) (ii)	Extent of delegation should not hinder the Board's ability to discharge its functions	Compliant
3 (4) (iii)	Review delegation arrangements periodically to ensure relevance to operations of the Bank The Board periodically reviews and approves the delegation arrangements in place to ensure they are relevant and addresses the needs of the Bank, including the risk appetite. Delegation papers are prepared in detail and recommended by the IRMC to the Board. Terms of Reference (TOR) of each of the Board Sub committees are approved by the Board. In addition it is to be noted that by delegating, the Board does not lose the authority to deal with matters that have been delegated when necessary.	Compliant
3 (5) The Board Chair and Chief Executive Officer		
3 (5) (i)	Separation of roles The roles of Board Chair and CEO of the Bank are held by separate individuals. In addition, there is a clear division of responsibilities between the Board Chair and the CEO thereby maintaining the balance of power between the two roles, as detailed in the Policy on Corporate Governance and the Corporate Governance Process Manual.	Compliant
3 (5) (ii)	A Non-Executive Independent Director as the Board Chair or if not independent, designation of an Independent Director as the Senior Director The Articles of Association of the Bank mandates that the Board Chair of the Bank must be an Independent Director. As such, a Non-Independent Director cannot be appointed as the Board Chair and hence the need to appoint a Senior Independent Director does not arise. Currently, Mr. Sriyan Cooray, Non-Executive Independent Director is the Board Chair of the Bank.	Compliant
3 (5) (iii)	Disclosure of identity of Board Chair and CEO and any relationships with the Board members In accordance with this Direction, the Company Secretary obtained declarations from each Director to identify the nature of any relationship [including financial, business, family or other material/relevant relationship(s)], if any, between the Board Chair and the CEO and the relationships among members of the Board. Based on the said declarations there were no material relationships between the Board Chair and the CEO and among the Board members.	Compliant
3 (5) (iv)	Board Chair to provide leadership to the Board The Board Chair is responsible for the running of the Board, preserving order and ensuring that proceedings at meetings are conducted in a proper manner. Further, he ascertains the views of the Directors on the issues being discussed before decisions are taken. The self-evaluation process carried out by the members of the Board each year assists the Board Chair to effectively carry out his responsibilities by providing him the required feedback.	Compliant
3 (5) (v)	Responsibility for agenda lies with the Board Chair but may be delegated to the Company Secretary Whilst noting that the overall responsibility lies with the Board Chair, he has delegated the drawing up of the agenda to the Company Secretary who carries same out in consultation with the CEO and subject to the Board Chair's approval. The Bank's Policy on Corporate Governance and the Corporate Governance Process Manual also casts this responsibility with the Board Chair.	Compliant
3 (5) (vi)	Ensure that Directors are properly briefed and provided adequate information The Directors are adequately briefed in the course of discussions by the Board Chair, CEO and officers of senior management in respect of matters that are taken up by the Board. The following procedures are in place to ensure this: <ul style="list-style-type: none"> ⦿ Board papers are circulated in advance among the Directors. ⦿ Management information is provided on a regular basis to enable the Directors to assess the performance and stability of the Bank. ⦿ Relevant KMPs are on hand for explanations and clarifications. ⦿ The Directors are able to seek independent professional advice on a need basis at the Bank's expense. 	Compliant

Rule No.	Corporate Governance Principles	Compliance Status
3 (5) (vii)	<p>Encourage active participation of all Directors and lead in acting in the interests of the Bank</p> <p>The Board Chair ensures that all members effectively participate as a team in Board deliberations and decisions, and act in the best interest of the Bank as a whole. Directors' concerns and comments are duly recorded in the minutes.</p> <p>A relationship of mutual trust exists between the Non-Executive Directors and the CEO being the only Executive Director.</p>	Compliant
3 (5) (viii)	<p>Encourage participation of Non-Executive Directors and relationships between Non-Executive and Executive Directors</p> <p>All Directors of the Board except the CEO are Non-Executive Directors and the Board Chair requests and encourages their active participation, as needed. Further, Non-Executive Directors participate in Board-appointed Sub committees providing further opportunity for active participation.</p> <p>In addition, the feedback received from the self-evaluation process carried out by the Board supports the Board Chair in improving contributions of Non-Executive Directors.</p>	Compliant
3 (5) (ix)	<p>Refrain from direct supervision of KMPs and executive duties</p> <p>The Board Chair is a Non-Executive Director and he does not directly get involved in the supervision of KMPs or any other executive duties.</p>	Compliant
3 (5) (x)	<p>Ensure effective communication with shareholders</p> <p>Shareholders are encouraged to provide their feedback to the Company Secretary using feedback forms made available with the Annual Report, and as and when needed throughout the year.</p> <p>In addition, there is an e-mail address dedicated for investor relations and the link is available on the Bank's website. The Bank also has a dedicated Investor Relations Team. The Board Chair together with the CEO ensures effective communication with shareholders through investor's forums or calls held each quarter/ as needed and through continuous engagement with our institutional investors. Members of the Board are apprised of the views of major investors and other key stakeholders pursuant to these meetings.</p>	Compliant
3 (5) (xi)	<p>CEO functions as the apex executive in charge of the day-to-day operations</p> <p>The CEO is responsible for providing the leadership, expertise and professional environment within the Bank for the implementation of the Board's policies and the achievement of the Bank's goals and objectives. The operations of the Bank are carried out in conformity to this requirement.</p>	Compliant
3 (6) Board appointed committees		
3 (6) (i)	<p>Establishing Board Committees, their functions and reporting</p> <p>The Board has established nine (9) Board Sub committees, of which 3 committees named Strategic Issues Committee, Credit Committee and Bank Digital Subcommittee were established to meet the business requirements of the Bank and 6 committees that are Audit Committee, Human Resources and Remuneration Committee, Nominations and Governance Committee, Integrated Risk Management Committee, Related Party Transactions Review Committee and Discretionary and Capital Expenditure Committee, are mandated by the CBSL and CSE regulations.</p> <p>Minutes of Board Subcommittee meetings are shared with the main Board and the Chairpersons of Board Sub committees update the Board on recommendations made and any matters of importance that are discussed at the respective Board Subcommittee.</p> <p>This Annual Report includes individual reports of each such Subcommittee on pages 227 to 248 which reports include a summary of duties, roles and performance of each Subcommittee.</p>	Compliant
3 (6) (ii)	<p>Audit Committee (AC)</p> <p>a.</p> <p>Chairperson of the committee shall be an Non-Executive Independent Director who possesses qualifications and experience in accountancy and/or audit</p> <p>Mr. Sujeewa Mudalige the Chairperson of the AC is an Non-Executive Independent Director and a Fellow Member of the Chartered Institute of Management Accountants, UK, Institute of Chartered Accountants of Sri Lanka, Association of Chartered Certified Accountants UK and CPA – Australia). Mr. Sujeewa Mudalige's profile is given on page 33.</p>	Compliant

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Rule No.	Corporate Governance Principles	Compliance Status
b.	Committee to comprise solely of Non-Executive Directors All members of the AC are Non-Executive Directors.	Compliant
c.	Audit Committee functions The following matters referred to in the Direction are reviewed and appropriate recommendations are made by the AC; (i) Re-appointment of the External Auditor for audit services has been recommended to the Board by the AC; The AC has discussed the audit plan and methodology with the External Auditor. (ii) - (iii) AC has discussed the implementation of the Central Bank guidelines issued to Auditors from time to time and the application of the relevant accounting standards; (iv) In order to ensure the independence of the Auditor to comply with the requirements of this Direction the External Audit Partner was rotated as per the five-year rotation requirement. The AC evaluates and makes recommendations to the Board with regard to the audit fee. Refer the 'Report of the Audit Committee' given on pages 237 to 239.	Compliant
d.	Review and monitor External Auditor's independence and objectivity and the effectiveness of the audit processes The AC reviews and monitors the external auditor's independence and objectivity and the effectiveness of the audit processes in accordance with applicable standards and best practices through the representations from the External Auditor.	Compliant
e.	Provision of non-audit services by External Auditor A Policy for 'Engaging the External Auditor for non-audit services' is in place which covers all aspects stated in this Direction. This Policy is reviewed and the relevant amendments are approved by the AC and the Board. Assigning such non-audit services to External Auditor is discussed at AC meetings and the required prior approval is obtained to that effect. Further, relevant information is obtained from the External Auditor to ensure that their independence is not impaired, as a result of providing any non-audit services.	Compliant
f.	Determines scope of audit The AC Charter requires the AC to discuss and finalise with the External Auditor the nature and scope of the audit. In order to comply, the External Auditor makes a presentation at the AC meeting detailing the proposed audit plan and scope. The Committee discussed and finalised the audit plan, methodology and scope with the External Auditor to ensure that it includes: An assessment of the Bank's compliance with the relevant Directions in relation to Corporate Governance and Internal Controls over Financial Reporting; The preparation of Financial Statements for external purposes in accordance with relevant accounting principles and reporting obligations. As all audits within the Group are carried out by the same External Auditor, there was no requirement to discuss arrangements for coordinating activities with other Auditors.	Compliant

Rule No.	Corporate Governance Principles	Compliance Status
g.	<p>Review financial information of the Bank</p> <p>The AC reviews the quarterly Financial Statements as well as year-end Financial Statements. The review focuses on the following:</p> <ul style="list-style-type: none"> (i) major judgemental areas; (ii) any changes in accounting policies and practices; (iii) significant adjustments arising from the audit; (iv) the going concern assumption; and (v) compliance with relevant Accounting Standards and other legal requirements. <p>The AC makes their recommendations to the Board of Directors based on the above, on a quarterly basis.</p>	Compliant
h.	<p>Discussions with External Auditor on interim and final audits</p> <p>The Committee met the External Auditor twice during the year (i.e. in February and October 2024), without the presence of the Executive Management, to discuss issues, concerns and reservations arising from their audits.</p>	Compliant
i.	<p>Review of management letter and Bank's response</p> <p>The AC reviewed the External Auditor's Management Letter for the year ended 2023 and the Management's responses thereto.</p>	Compliant
j.	<p>Review of internal audit function</p> <p>The AC has oversight of the Internal Audit Department (IAD) of the Bank and carries out the following duties:</p> <ul style="list-style-type: none"> (i) Reviews and discusses with the Head of Internal Audit (HIA) the annual Audit Plan covering the Group, the adequacy of the scope and functions and the resources of IAD. (ii) The Audit Plan for the year is approved by the AC and the progress is tabled at the AC meetings. The AC reviews the internal audit reports and discusses the Management Action Plans to resolve the issues raised by IAD. Further, AC Chairperson is kept informed of "Critical" and "Significant" issues arising from ongoing audits, as a "Heads up". All audit findings are sent to Operational Risk Department to identify any process improvements required and to follow up on implementing controls. (iii) Evaluates the performance of the HIA, based on the feedback given by the CEO and AC Chairperson. Further, HIA discusses the senior audit team members' performance with the AC. (iv) The AC is kept informed of senior staff member appointments /resignations. (v) Any outsourced internal audit services are done with the approval of AC. (vi) Ensures that the internal audit function is independent of the activities it audits and that it is performed with impartiality, proficiency and due professional care. The IAD staff reports directly to the HIA who in turn reports directly to the AC. 	Compliant
k.	<p>Internal investigations</p> <p>Major findings of internal investigations are reviewed by the AC and Management responses are obtained. Also, the status of implementation of the recommendations made during investigations is discussed at Committee meetings.</p>	Compliant
l.	<p>Attendees at Audit Committee meetings</p> <p>Head of Internal Audit and VP Finance attended all meetings as a permanent invitee. The CEO attended meetings as well on invitation and other members of the Senior Management were invited to attend meetings on a need basis. Please refer pages 237 to 239 and 208 for "AC report" and AC attendance for 2024.</p> <p>On the invitation of the Committee, the Bank's External Auditor, Ernst & Young attended all meetings during the year.</p> <p>The AC met the External Auditor twice during the year (i.e. in February and October 2024) without the presence of KMPs.</p>	Compliant

CORPORATE GOVERNANCE

Rule No.	Corporate Governance Principles	Compliance Status
m.	Explicit authority, resources and access to information The Charter of the AC clearly defines the authority and terms of reference of the Committee, which is in compliance with this Direction.	Compliant
n.	Regular meetings The AC has scheduled regular quarterly meetings and additional meetings are scheduled when required. Accordingly, the Committee met eight times during the year. Members of the AC are served with due notice of issues to be discussed and the conclusions in discharging its duties and responsibilities are recorded in the minutes of the meetings maintained by HIA who functions as the Secretary to the AC.	Compliant
o.	Disclosure in Annual Report Please refer 'Audit Committee Report' on pages 237 to 239 for the details of the activities of the Audit Committee. Attendance of the Committee members at each of these meetings is given in the table on page 208 of the Annual Report.	Compliant
p.	Maintain minutes of meetings The Head of the Internal Audit functions as the Secretary to the AC and maintains detailed minutes of all meetings. Copies of these approved minutes have been tabled at Board Meetings.	Compliant
q.	Whistle blowing Policy and relationship with External Auditor The Bank has in place a Board-approved Whistle blowing Policy to make it easier for members of staff to be able to report irregularities in good faith, without having to fear that their actions may have adverse consequences on themselves. This Policy is reviewed and approved by the AC and the Board of Directors. Further strengthening the whistle blowing mechanism, the Bank introduced a feature of reporting through the staff intranet for added convenience and security. The employees of the Bank may, in confidence, raise concerns about possible improprieties in Financial Reporting, Internal Controls or other matters. A process has been established to track such whistle blowing and take necessary action. The Bank also has an established external informational mechanism, known as the "NDB Ombudsman", to whom confidentially matters can be whistle blown. The AC is the key representative body for overseeing the Bank's relations with the External Auditor.	Compliant
3 (6) (iii)	Human Resources and Remuneration Committee (HRRC) Composition & Responsibilities Please refer pages 231 to 233 for the composition and responsibilities of the Human Resources and Remuneration Committee (HRRC).	Compliant
a.	Determine the Remuneration policy relating to Directors, CEO and KMPs The HRRC reviews and where necessary makes recommendations on remuneration payable to Directors and KMPs of the Bank. A Board approved Remuneration Policy and process is in place for Directors, CEO and KMPs.	Compliant
b.	Set goals and targets for the Directors, CEO and KMPs The goals and targets set for the CEO and KMPs were reviewed and approved by the HRRC and noted/ approved by the Board. Further, the goals and targets of KMPs who head control functions were reviewed and approved by their respective Subcommittee. The goals and targets for the Directors for the year 2024 have been deliberated in detail and approved at HRRC and Board level.	Compliant

Rule No.	Corporate Governance Principles	Compliance Status
c.	<p>Evaluate the performance of the CEO and KMPs against the set goals and targets and determine remuneration benefits</p> <p>The performance of KMPs against set goals and targets are evaluated by the HRRC every year and recommendations are then discussed and approved by the full Board. Further, the performance of KMPs who head control functions are considered by their respective Sub committees/chairpersons of such Sub committees prior to being submitted to the HRRC and Board. The CEO's performance is evaluated by the full Board having been reviewed by the HRRC as needed/if so decided. The above process was complied with in 2024.</p>	Compliant
d.	<p>The CEO attendance at Committee meetings</p> <p>The CEO was present, if invited, at all meetings and stepped out when matters relating to the CEO were discussed</p>	Compliant
3 (6) (iv)	<p>Nomination and Governance Committee (NGC)</p> <p>Please refer pages 227 to 230 for the composition and responsibilities of the NGC.</p>	Compliant
a.	<p>Appointment of Directors, CEO and KMPs</p> <p>The NGC has in place a procedure to select new Directors, CEO and KMPs.</p> <p>A Board-approved procedure to select CEO and KMPs has been in place since December 2008 and has been reviewed last in 2024 and was followed when selecting the new CEO and several KMPs in 2024. No new Non-Executive Director appointments took place in 2024.</p>	Compliant
b.	<p>Re-election of Directors</p> <p>This is a requirement of the Nominations and Governance Committee Charter.</p> <p>The NGC determines the Directors who will be retiring and whether they are eligible to be re-elected every year pursuant to taking into account the performance and contribution made by the Director concerned towards the overall discharge of the Board's responsibilities. The Committee in February 2025 has considered and recommended the re-election of Mr. Kushan D'Alwis, PC and Mr. Bernard Sinniah. The Committee also considers the re-appointment of any directors who are appointed during the financial year to fill casual vacancies. No such appointments were made for 2024.</p>	Compliant
c.	<p>Eligibility criteria for appointments to key managerial positions including CEO</p> <p>The NGC has set a procedure to assess eligibility including criteria such as qualifications, experience and key attributes, for appointment or promotion to Key Management Positions including the position of the CEO.</p> <p>The committee is also guided by applicable statutes in considering the suitable criteria for each appointment/ promotion and followed the same in its recommendations in 2024.</p>	Compliant
d.	<p>Fit and proper persons</p> <p>The Company Secretary obtains the declarations for the year 2024 from the Directors. The said annual declarations are submitted to the NGC to ensure that they are fit and proper persons to hold office as specified in the criteria given in Direction 3(3) and as set out in the statutes. Thereafter the required affidavits of Directors are submitted to CBSL. The required affidavits are obtained from KMPs at the time of appointment, promotions, extensions, lateral moves as required by the regulation. The frequency of obtaining declarations from the Directors was increased from annual basis to quarterly basis from Q4 2024.</p>	Compliant
e.	<p>Succession plan and new expertise</p> <p>The NGC considers Board vacancies based on the expertise required by the Bank and recommends suitable candidates when necessary in accordance with the Board-approved procedure for selection and appointment of Directors and this procedure was followed in 2024.</p> <p>The NGC also recommended the Succession Plan for KMPs to the Board.</p>	Compliant
f.	<p>Committee to be chaired by an Independent Director</p> <p>The NGC is Chaired by Mr. Kushan D' Alwis, PC who is an Independent Director. The CEO is present only if invited.</p>	Compliant
3 (6) (v)	<p>Integrated Risk Management Committee (IRMC)</p> <p>Please refer pages 234 to 236 for the composition and responsibilities of the IRMC. The Terms of Reference of the IRMC was last reviewed and updated in February 2024.</p>	Compliant

CORPORATE GOVERNANCE

Rule No.	Corporate Governance Principles	Compliance Status
a.	Composition of IRMC The IRMC comprises of six Non- Executive Directors of which three are independent Directors including the Committee Chairperson. Please see detailed Report on pages 234 to 236 of this report.	Compliant
b.	Risk assessment The IRMC assesses all risks of the Bank and Group on a monthly basis through Key Risk Indicators, Risk Dashboards and through quarterly Risk Assessment reports done for the Bank and Group. The Bank has formed management committees to assess risks on a monthly/quarterly basis and their findings are submitted to the IRMC and a summary of the minutes of the IRMC and quarterly risk assessment reports are submitted to the main Board.	Compliant
c.	Review of management level committees on risk The adequacy and effectiveness of all management level Committees against the respective TORs based on an independent assessment was reviewed at an IRMC meeting and the result was satisfactory. Further, all members carried out self-assessments for the year 2024 and the findings were at a satisfactory level.	Compliant
d.	Corrective action to mitigate risks exceeding prudential levels The IRMC takes prompt corrective action to mitigate the effects of specific risks in the case such risks are at levels beyond the prudent levels decided by IRMC on the basis of the Bank's policies and regulatory and supervisory requirements. The Risk Appetite of the Bank decided through the ICAAP was approved by the Board.	Compliant
e.	Frequency of meetings The Committee has met 06 times in the year 2024. Please refer page 208 for attendance.	Compliant
f.	Actions against officers responsible for failure to identify specific risks or implement corrective action If the need arises the IRMC shall take action appropriate to the relevance of the situation as per the Bank's Human Resources Policy.	Compliant
g.	Risk Assessment Report to the Board A detailed report is submitted to the Board subsequent to the IRMC meeting seeking the Board's views, concurrence and/or specific directions.	Compliant
h.	Compliance function The Bank has appointed a dedicated Compliance Officer who is a KMPs to head the compliance function of the Bank. The compliance function is an independent function of the Bank that supports the Board of Directors and Senior Management of the Bank to manage compliance risks by supporting the Bank to embed a culture of compliance within the Bank, disseminate new laws and regulations to business in a timely manner, provide guidance on the interpretation of regulatory requirements, support business with the creation and implementation of regulatory compliant policies and procedures, undertake independent compliance monitoring of business with relevant laws and regulations and all measures taken to mitigate compliance risks. The Compliance Officer submits to the IRMC and the Board a detailed report on the Compliance status of the Bank each quarter.	Compliant

Rule No.	Corporate Governance Principles	Compliance Status						
3 (7) Related Party Transactions								
3 (7) (i)	<p>Avoid conflict of interest</p> <p>The Bank has in place a Board-approved Related Party Transactions (RPT) Policy which has set out the procedure to be followed when transacting with related parties. The RPT Policy was adopted by the Bank to identify, report, approve, monitor, clarify and disclose transactions with related parties of the Bank.</p> <p>The Bank has in place a list of related parties which is updated as and when changes occur and reviewed on a quarterly basis to ensure all related parties are listed accurately.</p> <p>The list of related parties is circulated to front lines and business lines together with an internal circular which describes the regulations that would apply when dealing with related parties.</p> <p>Further, every quarter a sign off is obtained from the business lines confirming that they have complied with the related party policy when entering into a transaction with a related party.</p> <p>These processes are in place to remind business lines of the regulatory requirements in relation to related party transactions thereby ensuring that the Bank avoids conflicts of interests with related parties of the Bank.</p> <p>The Bank has obtained declarations in 2024 from the individual Directors confirming that they have avoided conflicts of interests.</p> <p>Steps have been taken by the Board to avoid any conflicts of interest that may arise, in transacting with related parties as per the definition of this direction. Please refer Section 3(1) (xii) on page 408 of this report for further information.</p> <p>Transactions carried out with related parties as defined by LKAS on 'Related party Disclosures' in the normal course of business are disclosed in Note 53 to the Financial Statements on 'Related Party Disclosures' on page 355 to 359.</p> <p>The net accommodation granted to each category of related parties as a percentage of the Bank's regulatory capital is given under Rule No 3 (8) (ii) (e) on page 218.</p> <p>Directors' interest in contracts (relating to banking transactions), which do not fall into the definition of related party transactions as per LKAS 24, are reported separately in the Annual Report on pages 225 to 226. Please see table below for such non-banking transactions:</p> <table border="1"> <thead> <tr> <th>Relationship</th><th>Company</th><th>Nature of transaction</th></tr> </thead> <tbody> <tr> <td>Mr. Sujeewa Mudalige Chairperson/Director</td><td>MillenniumIT ESP</td><td>Engagement for Consultancy services Purchase of a Backup Recovery Solution and Maintenance services</td></tr> </tbody> </table>	Relationship	Company	Nature of transaction	Mr. Sujeewa Mudalige Chairperson/Director	MillenniumIT ESP	Engagement for Consultancy services Purchase of a Backup Recovery Solution and Maintenance services	Compliant
Relationship	Company	Nature of transaction						
Mr. Sujeewa Mudalige Chairperson/Director	MillenniumIT ESP	Engagement for Consultancy services Purchase of a Backup Recovery Solution and Maintenance services						
3 (7) (ii)	<p>Types of Related party transactions covered by the direction</p> <p>The RPT Policy of the Bank covers all transactions that come within the scope of this Direction, and is currently being reviewed and revised to cover the expanded scope in the Corporate Governance Direction 2024.</p>	Compliant						

CORPORATE GOVERNANCE

Rule No.	Corporate Governance Principles	Compliance Status
3 (7) (iii)	<p>No more favourable treatment to Related Parties of the Bank</p> <p>A list identifying Related Parties of the Bank in line with this Direction is shared with business lines on a quarterly basis.</p> <p>The regulations and process that needs to be complied with is explained in an internal circular which accompanies the related party list.</p> <p>Business/Front lines are requested to ensure compliance with the required regulation and to refrain from granting related parties of the Bank "more favourable treatment".</p> <p>Further, the Compliance Department reviews transactions with related parties on an ongoing basis to determine if "more favourable treatment" have been offered to them. Any deviations are required to be reported to the Related Party Transactions Review Committee, the Audit Committee and the Integrated Risk Management Committee.</p>	Compliant
3 (7) (iv)	<p>Granting accommodation to a Director or close relation of a Director</p> <p>This requirement has been included in the Bank's RPT Policy and all frontline staff/Business lines have been made aware of the procedures to be followed, approvals to be obtained etc. The Company Secretary upon being informed of a transaction with a related party and receiving the required proposal, shall ensure submission of the related papers/information to the Board for approval.</p> <p>With the Banking (Amendment) Act No. 24 of 2024, the scope of applicability of the requirement to obtain Board approval for accommodations expanded. The internal processes were duly enhanced in line with this change.</p>	Compliant
3 (7) (v)	<p>Accommodations granted to persons, concerns of persons, or close relations of persons, who subsequently are appointed as Directors of the Bank</p> <p>Prior to the appointment of a Director, the Director is required to submit an affidavit and declaration disclosing all their interests with the Bank. Accordingly, the Company Secretary will take steps to inform the relevant internal/control functions of these disclosures so that the frontline staff/Business lines are aware and can take the necessary regulatory/statutory steps.</p> <p>The Board is cognizant that this requirement now applies to a wide scope of people and has taken measures to ensure compliance.</p>	Compliant
3 (7) (vi)	<p>No favourable treatment or accommodation to Bank employees or their close relations</p> <p>No favourable treatment/accommodation is provided to Bank employees other than staff benefits and benefits granted in terms of a staff scheme. Employees of the Bank are informed through operational circulars to refrain from granting favourable treatment to other employees or their close relations or to any concern in which an employee or close relation has a substantial interest.</p>	Compliant
3 (7) (vii)	<p>Remittance of accommodation subject to Monetary Board approval</p> <p>Such a situation has not arisen in the Bank to date.</p>	Compliant
3 (8) Disclosures		
3 (8) (i)	<p>Publish annual and quarterly financial statements</p> <p>The Financial Statements for the year ended 31 December 2024 and quarterly Financial Statements are in conformity with all rules and regulations. These Statements have been published in the newspapers in all three languages.</p>	Compliant
3 (8) (ii)	<p>Disclosures in Annual Report</p> <p>Please see Compliance Disclosure Section on pages 216 to 224.</p>	
3 (9) Transitional and other general provisions		
	<p>The Bank has complied with the transitional provisions, wherever applicable.</p>	Compliant

STATEMENT OF COMPLIANCE - CODE OF BEST PRACTICES ON CORPORATE GOVERNANCE 2023 (THE CODE) ISSUED BY THE INSTITUTE OF CHARTERED ACCOUNTANTS OF SRI LANKA (ICASL).

The Bank has over the years been cognizant of the standards set forth in the Code of Best Practices of 2017, and has been fully compliant therewith. The revised Code of Best Practices on Corporate Governance 2023 (the "Code") was launched on 08 December 2023, building on the previous Code of Best Practices 2017. The Code is intended to provide a corporate governance framework that supports strong business ethics, sound policies and procedures and an effective monitoring system which is in line with international best practices.

The Code is broadly divided into three areas, namely the Company, Shareholders and other matters

I. The Company

Key principles are detailed under the following broad areas viz. Directors, Directors' Remuneration, Relations with shareholders, and Accountability and Audit.

II. Shareholders

Key principles are detailed under the following broad areas viz. Institutional Investors and Other Investors.

III. Other Matters

This section covers the areas Internet of Things and Cyber-security, Sustainability: Environmental, Social and Governance (ESG) Risk and Opportunities, and Special Considerations for listed entities.

The Bank's adherence with the Code is detailed below with explanatory comments as follows;

Rule No.	Corporate Governance Principles	Compliance Status
A.	Disclosures	
A.1	The Board	
	<p>As at 31 December 2024 the Board comprised nine (09) Directors, eight of whom, including the Board Chair, functioned in a non-executive capacity. The members of the Board consists of professionals in the fields of banking, finance, management, treasury, law, accounting, auditing, IT, economics, investments, private sector exposures and possess the skills, experience and leadership required to direct, lead and control the Bank. The Chief Executive Officer (CEO) is the only Executive Director. The Board has appointed several Board sub committees to assist in the discharge of their collective responsibilities.</p> <p>The Bank is mindful of the need to maintain an appropriate mix of skills and experience in the Board through a regular review of its composition in ensuring that the skill representation is in alignment with current and future needs of the Bank. Additionally, individual Directors are encouraged to seek expert opinion and/or professional advice on matters where they may not have full knowledge or expertise.</p>	Compliant
A.1.1	Regular Board meetings	
	The Board usually meets on monthly intervals, but meets more frequently whenever it is necessary. The Board met fourteen (14) times during the year which included two (02) special meetings. Scheduled Board and Board subcommittee meetings are arranged at the end of the previous calendar year. Attendance at Board and subcommittee meetings is provided on pages 207 to 208.	Compliant
A.1.2	Role and responsibilities of the Board	
	<p>Business Strategy</p> <p>In response to the evolving market dynamics and in consideration of the potential the Bank possesses in making considerable progress in certain performance aspects that can drive the Bank's profitability, the Bank focused on a curated strategy for the short term. The key focus areas of this strategy was divining transactions (thereby drive fee income, and integral component of the Bank's overall revenue structure), enhancing the loan book quality and increasing the Bank's interest margins. All these strategic focus areas were expected to drive related KPIs, and the advancements made are reflected in the Bank's financial results for 2024.</p> <p>This strategy was duly approved by the Board of Directors. Teams comprising cross-functional representation led by senior management persons were appointed to drive each focus area and operationalise initiatives. All staff were well apprised of the strategy and developments through various knowledge sharing sessions and communications in making them all a part of the process.</p>	Compliant

CORPORATE GOVERNANCE

Rule No.	Corporate Governance Principles	Compliance Status
	Senior Independent Director In terms of the Bank's Article of Association the Bank's Board Chair is mandatorily an Independent Director therefore the need to appoint a Senior Independent Director does not arise.	Compliant
	The CEO and Management Team skills, experience and knowledge to implement the strategy The Nominations and Governance Committee (NGC) and The Human Resources and Remuneration Committee (HRRC) ensure that the CEO and Key Management Personnel (KMPs) have the required skills, experience and knowledge to implement strategy. The CEO and The Leadership Team consist of senior bankers with substantial experience in the field of banking and finance. The profiles of The Leadership Team are available on the pages 38 to 40.	Compliant
	Succession strategy of CEO and KMPs The Board, through the HRRC advised on talent identification, talent mapping, and leadership competency development plan covering all key roles at the Bank, which resulted in the NGC updating and improving succession planning at the Bank. The HRRC deliberated in detail on the identified Talent pool, the details of the interventions etc. and has committed to regularly monitor the progress of this exercise.	Compliant
	Budgets and major capital expenditure Annual budget is approved before the commencement of the year. Major capital expenditure requires the approval of the Board.	Compliant
	Delegation of Authority To enable the Board to discharge its stewardship and fiduciary responsibilities effectively it delegates authority to the Board Subcommittees to oversee specific responsibilities based on clearly defined Terms of References which are also detailed under the respective subcommittee reports from page 227 to 248. For more information on the responsibilities of the Board, delegation to Management and the powers retained by the Board, please see page 202 of this report.	Compliant
	Integrity of information, internal controls, cyber security, business continuity and risk management The Board is responsible for the overall risk framework of the Bank. There is in place an adequate system of internal controls. In line with directions of Central Bank of Sri Lanka, Bank has established the Information Security Committee (ISC) as the apex management level body responsible for information security and technology resilience of the bank. The ISC has the responsibility for both strategic and operational aspects of information security and technology risk management. Policies relating to securing information, cyber security, business continuity and risk management have been approved by the Board. These policies have been reviewed by Information Security Committee and thereafter with ISC's recommendation either the Integrated Risk Management Committee (IRMC) or the Audit Committee (AC). The AC reviews Internal Audit reports submitted by the Internal Audit Department and monitors follow up action. Further, based on the assessment of Internal Control Over Financial Reporting (ICOFR), Directors concluded that the Bank's Internal Control Over Financial Reporting is effective. The IRMC appointed by the Board, reviews and recommends to the Board, the Bank's risk policies and procedures defining the Bank's risk appetite, identifying principal risks, setting governance structures and implementing policies and systems in line with the Integrated Risk Management Framework to measure, monitor and manage the principal risks of the Bank. The Board has approved risk management policies and procedures as reviewed and recommended by the IRMC, based on these parameters and as required by Regulation. The following reports provide further insight in this regard: The Risk Management Report (pages 443 to 483) The Integrated Risk Management Committee Report on (pages 234 236) The Directors' Statement on Internal Control (pages 251 to 252) The Audit Committee Report (pages 237 to 239)	Compliant

Rule No.	Corporate Governance Principles	Compliance Status
	Availability of Information and Communications Technology (ICT) roadmap in line with business strategy The Bank has established an ICT roadmap in line with the Bank's business strategy. The Bank diligently monitors the implementation progress of the ICT roadmap through the ICT dashboard,	Compliant
	Compliance with laws, regulations and ethical standards The compliance function is an independent function of the Bank that supports the Board of Directors and Senior Management of the Bank to manage compliance risks by supporting the Bank to embed a culture of compliance within the Bank, disseminate new laws and regulations in a timely manner, provide guidance on the interpretation of regulatory requirements, support business with the creation and implementation of regulatory compliant policies and procedures, undertake independent compliance monitoring of business with relevant laws and regulations and take measures to mitigate compliance risks. The Compliance Officer submits to the IRMC and the Board a detailed report on the Compliance status of the Bank each quarter.	Compliant
	All stakeholder interests are considered in corporate decisions The Board of Directors considers the views/impact on all stakeholders of the Bank when decisions are made at Board meetings.	Compliant
	Sustainable business development and "integrated reporting" Sustainable business development is one of the key areas of focus considered by the Board when taking decisions. Please refer to the Bank's Sustainability Report on pages 173 to 179 for more details. The Bank's Annual Report is presented in line with the integrated reporting guidelines issued by the Institute of Chartered Accountants of Sri Lanka.	Compliant
	Accounting policies and fostering compliance with financial regulations The AC and the Board reviews accounting policies annually to ensure that the Financial Reporting Model of the Bank is in line with such policies, financial regulations, evolving international and local accounting standards and industry best practices. The Board ensures that the Financial Statements of the Bank are prepared in accordance with the approved accounting policies.	Compliant
	Monitoring and evaluation of progress on strategy implementation, budgets, plans and related risks The Management monitors budgets on frequent intervals (daily/weekly/monthly) and is reviewed by the Board on a monthly basis. Strategy is approved by the Strategic Issues Committee and the Board. The Board also reviews the implementation progress regularly.	Compliant
	Corporate reporting relevant to the Bank The Bank is listed in the Colombo Stock Exchange and conforms to the Listing Rules issued by the Colombo Stock Exchange and also adheres to the regulations applicable to Licensed Commercial Banks. Therefore corporate reporting on an annual and quarterly basis is carried out in line with the regulations	Compliant
	Fulfilling such other Board functions as are vital, given the scale, nature and complexity of the business concerned The Board makes every endeavour to fulfil its stewardship obligations on behalf of all stakeholders. The Board is committed to fulfilling their functions in line with laws, regulations and good governance practices adopted by the Bank.	Compliant
A.1.3	Act in accordance with laws There is significant emphasis across the Bank to ensure compliance with applicable laws and regulations. In order to preserve the independence of the Board and to strengthen the decision making, the Board seeks independent professional advice when deemed necessary. The Board-approved Corporate Governance Process Manual contains the procedure to be followed when a Director or the Board wishes to obtain independent professional advice on any matter.	Compliant

CORPORATE GOVERNANCE

Rule No.	Corporate Governance Principles	Compliance Status
A.1.4	Access to advice and services of Company Secretary <p>The Company Secretary advises the Board and ensures that matters concerning the Companies Act, Board procedures and other applicable rules and regulations are followed.</p> <p>All Directors have access to the Company Secretary and she possesses the required qualifications as set out in the Companies Act and the Banking Act. For the year 2024 the Company Secretary has provided assistance to the Directors when requested. The Company Secretary exclusively serves in the capacity of Company Secretary and does not hold simultaneous employment in another capacity within the Bank. Please refer page 200 for more details on the role of the Company Secretary.</p> <p>The Bank has in place an insurance cover for the Directors and its Officers.</p>	Compliant
A.1.5	Independent judgment <p>The Board combines an appropriate and diverse balance of skills, industry experience and perspective to objectively discharge its responsibilities. All Directors bring their independent judgment to matters discussed at Board meetings. Details of Directors deliberations are contained in the minutes maintained by the Company Secretary.</p>	Compliant
A.1.6	Dedicate adequate time and effort to matters of the Board and the Company <p>Every member of the Board has dedicated adequate time and effort for the affairs of the Bank by attending Board meetings, Board Subcommittee meetings and by making decisions via circular resolutions. In addition, the Board members have meetings and discussions with the Management when required.</p> <p>Board papers are circulated to the Board at least seven days prior to each Board meeting. Any request for additional information is made to the Company Secretary. The relevant member of staff is informed by the Company Secretary and the requisite information is forwarded. All matters that require follow up are discussed at the immediately succeeding Board meeting under 'Matters Arising'. Business heads regularly update the Board on the status and development in their respective fields.</p> <p>The CEO on a regular basis updates the Board on business changes, operational risks and controls relevant to the Bank. Please refer page 193 which illustrates how the Board spent its time in 2024.</p>	Compliant
A.1.7	Call for a resolution to be presented to the Board <p>All Directors are entitled to include matters and proposals in the agenda for Board meetings and this right has been entrenched in the Bank's Policy on Corporate Governance and the Corporate Governance Process Manual.</p> <p>Additionally a separate agenda item has been included in the monthly Board meeting agenda for Directors to raise any matters relating to the Bank's business and operations.</p> <p>Monthly meetings are scheduled and informed to the Board at the beginning of each calendar year to enable submission of proposals in the agenda for regular meetings. This process supports the requirement detailed in this Code and a Director may include a proposal (if required) in the agenda of a Board meeting.</p>	Compliant
A.1.8	Board induction and training <p>The Board Chair is responsible for ensuring that the Directors continually update their skills, knowledge and awareness of the Bank's policies and procedures as required to fulfill their roles both on the Board and on Committees appointed by the Board.</p> <p>Directors were extensively updated and awareness levels were improved throughout 2024. Please refer page 204 for details of same.</p> <p>New Directors are provided with a comprehensive induction pack on appointment to the Board and taken through an induction program by the Board and Chair. Please refer the section on "Induction and Training of Directors" on page 204 for more details. During their onboarding, new Directors are also made aware of internal policies and external laws regulating Directors' conduct, thus ensuring that the new Directors give due consideration to responsibilities of their role, their ability to dedicate time and possessing required competencies. Directors also submit a declaration when they are appointed (and thereafter on a quarterly basis) disclosing all potential conflicts of interest.</p>	Compliant

Rule No.	Corporate Governance Principles	Compliance Status
A.2	Separating the business of the Board from the executive responsibilities for management of the Bank	
A.2.1	Divisions of Responsibilities between the Board Chair and CEO	Compliant
A.5.7	The posts of Board Chair and CEO of the Bank are held by two separate persons and there is a clear division of responsibilities between them thereby maintaining the balance of power between the two roles as set out in the Banks Policy on Corporate Governance and the Corporate Governance Process Manual.	
A.5.8		
A.3	Board Chair's role in preserving good corporate governance	
A.3.1	Conducting Board proceedings in a proper manner The Board-approved Corporate Governance Process Manual formally details the role of the Board Chair. The Board Chair ensures that the affairs of the Board are conducted in an effective manner. He encourages Directors to share their views on matters discussed and ensures the participation of both Executive and Non-Executive Directors thereby maintaining a balance of power between Executive and Non-Executive Directors. The Board Chair approved the agenda for each meeting in consultation with the CEO and the Company Secretary and ensured that all Board proceedings were conducted in a proper manner. All Directors are encouraged to seek information considered necessary to discuss matters on the agenda of meetings. The views of Directors on issues under consideration are ascertained and records of such deliberations are reflected in the minutes.	Compliant
A.4	Availability of financial acumen and knowledge to offer guidance on matters of finance	
A.4.1	Financial Acumen and Knowledge The Chairperson of the AC who is an Non-Executive Independent Director is a Fellow Member of the ICASL ensuring a sufficiency of financial acumen within the Board on matters of finance. Further, 7 of the 9 Directors have a vast experience on matters of finance	Compliant
A.5	Board balance	
A.5.1	Board to have a balance of Executive and Non-Executive Directors 8 of the 9 Directors on the Board are Non-Executive Directors. The CEO is the only Executive Director. The Board Chair is a Non-Executive Independent Director.	Compliant
A.5.2 – A.5.5	Board Independence There were 8 Non-Executive Directors on the Board as at 31 December 2024. Of them 7 are (as per the criteria in the Code) independent of management and free of business dealings that may be perceived to interfere with the exercise of their unfettered and independent judgement. Each Non-Executive Director has submitted signed and dated declarations in 2024 of his/her independence and any developments bearing an impact on their status of independence are disclosed to the Company Secretary immediately. The details of Non-Executive Independent Directors are given on page 197 of this report. Accordingly, the number of Non-Executive Independent Directors exceeds two-thirds of the total number of Directors on the Board.	Compliant
A.5.6	Appointing an Alternate Director Directors appoint Alternate Directors in line with the Listing Rules, the Articles of the Bank and the Banking Act as and when required for a particular meeting. An Alternate Director of a Non-Executive Director will not be an Executive Director, and an Alternate Director appointed to act for an Independent Director in 2024 has been independent.	Compliant
A.5.9	Board Chair to meet only with Non-Executive Directors as necessary and at least once each year As and when needed the Board Chair meets with and discusses matters related to the Executive Director only in the presence of Non-Executive Directors and same takes place even several times an year.	Compliant
A.5.10	Recording of a dissenting view Dissenting views are recorded in the Board minutes in detail. Directors' concerns regarding matters which are not resolved unanimously are also recorded in the minutes and the Directors are provided ample opportunity to scrutinise minutes prior to adopting to ensure their views are adequately recorded.	Compliant

CORPORATE GOVERNANCE

Rule No.	Corporate Governance Principles	Compliance Status
A.6	Supply of Information	
A.6.1 - A.6.2	<p>Provision of providing appropriate and timely information to the Board</p> <p>The Management provides comprehensive information including both quantitative and qualitative information for the monthly Board meetings generally 7 days prior to the Board meetings. Urgent information is forwarded to the Directors through secure channels as and when needed without holding out for a Board meeting.</p> <p>Members of The Leadership Team make presentations to Directors on important issues relating to financial performance, strategy, risk management, investment proposals, systems and procedures, where necessary.</p> <p>The Directors also have access to the Management to obtain further information or clarify any concerns they may have. As described above, they also have the right to seek independent professional advice at the Bank's expense.</p>	Compliant
A.7	Appointments to the Board	
A.7.1	<p>Nominations and Governance Committee</p> <p>The Board has established a Nominations and Governance Committee in line with the Listing Rules of the Colombo Stock Exchange and the Banking Act which Committee makes recommendations to the Board on new Board appointments. The Committee comprises 4 Non-Executive Directors, with 3 of them serving as Independent Directors. The role of Committee Chairperson is held by a Non-Executive Independent Director, underscoring the Bank's commitment to impartial and diligent decision making in shaping the composition of the Board and selection of the CEO and KMPs of the Bank.</p>	Compliant
A.7.2	<p>Ensure Board appointees are fit and proper</p> <p>There is in place a Board-approved policy and process for appointments of Directors to the Board whilst being guided by applicable regulations as well. The Nominations and Governance Committee also assess the Board composition against pre-defined criteria of skills, diversity and knowledge to ensure that Board appointees are fit and proper. The Committee has actively prioritised diversity in Board composition, taking into account gender, age and any other factors that are relevant to the Banking industry. The Members of the Committee have not participated in decision making relating to their own appointment/reappointment. Please refer pages 227 to 230 for the report of the Nominations and Governance Committee.</p>	Compliant
A.7.3	<p>Succession plan for the Chief Executive Officer and KMPs</p> <p>The Nominations and Governance Committee has ensured that there is a succession plan for the Chief Executive Officer and Key Management Personnel. The Committee together with the HRRC has determined the training and development requirements for those identified for succession.</p>	Compliant
A.7.4	<p>Disclosure to shareholders on new appointments to the Board</p> <p>When there are new Director appointments or Alternate Director appointments, disclosures are made to shareholders in terms of the Listing Rules issued by the Colombo Stock Exchange.</p>	Compliant
A.7.5	<p>Nominations and Governance Committee Members to be disclosed in the Annual Report</p> <p>The Chairperson and Members of the Nominations and Governance Committee have been identified in the Annual Report.</p> <p>Please refer pages 227 to 230 for the report of the Nominations and Governance Committee for a description of its scope of work and processes.</p>	Compliant

Rule No.	Corporate Governance Principles	Compliance Status																																												
A.8	Re-election																																													
A.8.1 - A.8.2	<p>Re-election of Directors at regular intervals</p> <p>Directors to retire at the Annual General Meeting (AGM): As per the Articles of the Bank, 1/3rd of the Directors (except the CEO, any Director appointed to fill a casual vacancy and the Nominee Director of the Ministry of Finance in terms of the Articles of Association of the Bank) should retire at each AGM and be subject to re-election. Such Directors who retire are those who held office for the longest time period since the election/re-appointment. In accordance with this provision, The Nominations and Governance Committee in January 2025 has considered and recommended the re-election of Mr. Bernard Sinniah and Mr. Kushan D'Alwis, PC and their re-election has been recommended at the AGM to be held in 2025.</p> <p>Prior to recommending the above re-election/re-appointments of Directors the Nominations and Governance Committee considered the fitness and propriety of each Director and made recommendations for re-election to the Board. This process and practice has been followed annually by the NGC and the Board.</p>	Compliant																																												
A.8.3	<p>Resignation of a Director</p> <p>There were two resignations during 2024 and the relevant disclosures were made forthwith.</p>	Compliant																																												
A.9	Appraisal of Board and Committee Performance																																													
A.9.1 - A.9.4	<p>Self-evaluation process of Board Members & Sub committees</p> <p>The Board carried out its self-evaluation process in respect of the year 2024. The process is led by the Board Chair and all Directors were required to complete a detailed questionnaire. The Bank intends to review this process and make necessary revisions thereto, in line with the recent revisions to the Code. The feedback of the directors and any action plans and improvements/changes are deliberated in detail and carried forward by the Board.</p> <p>The processes adopted are detailed on page 205 of this report.</p> <p>All Sub committees also carried out a self-evaluation process in 2024 to determine the effectiveness of their performance in 2024 and to identify areas for improvement which are subsequently discussed at their respective meetings, the minutes of which are submitted to the Board.</p>	Compliant																																												
A.10	Disclosure of Information in Respect of Directors																																													
A.10.1	<table><tr><td colspan="2">Annual Report to disclose specified information regarding Directors</td></tr><tr><td>Information Required</td><td>Page Reference</td></tr><tr><td colspan="2">Name, qualification and brief profile</td></tr><tr><td colspan="2">32 to 37</td></tr><tr><td colspan="2">Nature of his/her expertise in the relevant functional areas</td></tr><tr><td colspan="2">32 to 37</td></tr><tr><td colspan="2">Immediate family and/or material business relationships with other Directors of the Bank</td></tr><tr><td colspan="2">205</td></tr><tr><td colspan="2">Whether Executive, Non-Executive and/or Independent Director</td></tr><tr><td colspan="2">197</td></tr><tr><td colspan="2">Names of listed companies in which the Director concerned serves as a Director</td></tr><tr><td colspan="2">32 to 37</td></tr><tr><td colspan="2">Names of other companies or companies in a group in Sri Lanka in which the Director concerned serves as a Director</td></tr><tr><td colspan="2">32 to 37</td></tr><tr><td colspan="2">Board meeting attendance</td></tr><tr><td colspan="2">207</td></tr><tr><td colspan="2">The total number of Board seats held by each Director</td></tr><tr><td colspan="2">32 to 37</td></tr><tr><td colspan="2">Board committee served as the Chairperson/member</td></tr><tr><td colspan="2">208</td></tr><tr><td colspan="2">Committee meeting attendance</td></tr><tr><td colspan="2">208</td></tr></table>	Annual Report to disclose specified information regarding Directors		Information Required	Page Reference	Name, qualification and brief profile		32 to 37		Nature of his/her expertise in the relevant functional areas		32 to 37		Immediate family and/or material business relationships with other Directors of the Bank		205		Whether Executive, Non-Executive and/or Independent Director		197		Names of listed companies in which the Director concerned serves as a Director		32 to 37		Names of other companies or companies in a group in Sri Lanka in which the Director concerned serves as a Director		32 to 37		Board meeting attendance		207		The total number of Board seats held by each Director		32 to 37		Board committee served as the Chairperson/member		208		Committee meeting attendance		208		Compliant
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A.11	Appraisal of the CEO																																													
A.11.1 - A.11.2	<p>Setting annual targets and the appraisal of the CEO</p> <p>The Board discussed and set financial and non-financial targets to be achieved during the year by the CEO with reference to the short, medium and long term objectives of the Bank at the beginning of 2024. The HRRC/Board has evaluated the performance of the CEO against the said goals and targets.</p>	Compliant																																												

CORPORATE GOVERNANCE

Rule No.	Corporate Governance Principles	Compliance Status
B	Directors' remuneration	
B.1	Remuneration procedure The Bank has a formal and transparent Remuneration Policy for Directors, CEO and KMPs. No Director is involved in fixing his/her own remuneration.	Compliant
B.2	Level and make-up of remuneration Level and make-up of remuneration of Non-Executive Directors are sufficient to attract and retain the Directors in order to run the Bank successfully. The CEO being the only Executive Director is not remunerated separately on account of this ex-officio role. As is the case with all staff, the CEO's remuneration is structured to link rewards to corporate and individual performance ensuring the balance between short, medium and long-term perspectives of the performance outcomes.	Compliant
B.2.1	Establishment of a Remuneration Committee The Board has established a Human Resources and Remuneration Committee (HRRC) which Committee has developed the Remuneration Policy based on which, remuneration for the Directors and KMPs are determined. No Director was involved in deciding his/her own remuneration.	Compliant
B.2.2 B.2.15	Composition of the Remuneration Committee The HRRC consists of 4 Non-Executive Directors out of which 3 are independent. The Chairperson Kasturi Chellaraja is an Non-Executive Independent Director. Please refer pages 231 to 233 for the report of the HRRC for more details on the composition and activities carried out by the HRRC for the year 2024.	Compliant
B.2.3	Seek professional advice The HRRC has access to professional advice from within and from external consultants. During the year, HRRC reviewed the information provided by the Bank's Human Resources Department as well as outcomes of a comprehensive market survey to determine market and industry trends with remuneration and perquisites for its Senior Management team.	Compliant
B.2.4 B.2.5	Remuneration for Executive Directors The Executive Director is an ex-officio Director on account of being the CEO of the Bank and as such is not paid any additional remuneration or benefits by virtue of him being an Executive Director. The CEO's remuneration is linked to the Bank's performance as well as his individual performance and is designed to promote the short medium and long-term performance of the Bank. The Executive Director participates in the HRRC only by invitation and does not participate when matters pertaining to his remuneration are discussed.	Compliant
B.2.6	Positioning the Bank's remuneration levels relative to other companies in the industry The HRRC reviews information relating to remuneration and perquisites of CEO and Senior Management of the Bank and due care is taken to ensure that remuneration is commensurate with industry standards, the Bank's risk culture, risk appetite and both the Bank's and individual performance. A comprehensive salary survey was carried out in 2024 and the HRRC considered same in its deliberations and recommendations in 2024.	Compliant
B.2.7	Comparison of remuneration levels with other Companies in the Group Size, scale and business of the Bank are not comparable with Group Companies and hence the remuneration too is not comparable.	Compliant
B.2.8	Performance related remuneration of CEO & Executive Directors The goals and targets of the CEO are set at the beginning of the year and cascaded to the rest of the Bank. The CEO's (being the only Executive Director) remuneration and performance bonus is decided based on achievement of the goals and targets agreed upon. The Committee reviews annually the performance of the CEO against the set targets and goals, which have been approved by the Board, and recommends the basis for revising remuneration, benefits and other payments of performance-based incentives. The Committee has ensured that the guidelines for fair and transparent procedures recommended by the Committee and approved by the Board when evaluating senior management's performance and revising their remuneration, benefits and other payments of performance-based incentives have been followed.	Compliant
B.2.9	Employee Share Options An employee share scheme was established in 2016 which was approved by the shareholders in line with the listing rules of the CSE. However no shares were issued under this scheme in 2024. Details are given in the Financial Statements on pages 345 to 346.	Compliant

Rule No.	Corporate Governance Principles	Compliance Status
B.2.10	Designing schemes of performance related remuneration No remuneration or benefits are paid to the only Executive Director who is the CEO on account of his Executive Directorship. Please refer pages 231 to 233 for the report of the HRRC for more details on remuneration.	Compliant
B.2.11 – B.2.12	Early termination of Executive Director Termination of service of the Executive Director will be in accordance with his contract of employment as he is an ex-officio Director.	Compliant
B.2.13	Determining the remuneration of the Non-Executive Directors including the members of the Remuneration Committee The HRRC determines the remuneration of the Non-Executive Directors in line with the Board approved Remuneration Policy and approvals for the remuneration are obtained from shareholders at the AGM.	Compliant
B.2.14	Levels of remuneration of Non-Executive Directors Non-Executive Directors are remunerated in line with the prevailing regulations and market practices as stated in the Remuneration Policy and this has been reviewed periodically. However they are not entitled to receive any performance-based remuneration which includes shares under the existing Share Option Scheme of the Bank.	Compliant
B.3	Disclosure of remuneration	
B.3.1	Disclosures related to remuneration in Annual Report Please refer pages 231 to 233 of the Annual Report for the Report of the HRRC. Also refer Note 15 on page 293 of the Financial Statements for aggregate remuneration paid to Executive and Non- Executive Directors.	Compliant
B.3.2	Annual Report to disclose the number and aggregate remuneration of the Senior Management personnel reporting directly to the CEO The aggregate values of remuneration to the KMPs of the Bank are disclosed on page 215.	Compliant
C	Relations with shareholders	
C.1	Constructive use of the AGM and conduct of General Meetings	
C.1.1	Notice of the AGM The AGM provides a forum for all shareholders to participate in decision making matters reserved for the shareholders. Notice of the AGM is circulated 15 working days in advance with the Annual Report and Accounts. A summary of the procedures governing voting at General Meetings is included on page 524 of this Annual Report.	Compliant
C.1.2	Separate resolutions for substantially separate issues Separate resolutions are obtained for substantially separate matters to provide shareholders with an opportunity to deal with each significant matter separately. The Annual Report of the Board of Directors and Accounts are laid before the shareholders of the Bank for their consideration as a separate item on the agenda at the AGM.	Compliant
C.1.3	Valid proxy appointments The Bank has in place an effective mechanism to record all proxy votes to indicate to the Board Chair the level of proxies lodged on each resolution and the number of votes for and against each resolution. As a matter of practice, proxy votes together with the votes of shareholders present at the AGM are considered for each resolution and duly recorded in the minutes.	Compliant
C.1.4	Board subcommittee Chairpersons available at AGM The Board Chair ensures that the Chairpersons of Board Sub committees participate at the AGM to answer all queries that may be raised. The Chairpersons of the Board Sub committees participated at the AGM held in 2024.	Compliant
C.1.5	Adequate notice of all meetings to shareholders The notice of meeting and related documents are circulated to the shareholders 15 working days prior to the AGM. Summary of the procedures governing voting at the AGM is provided in the proxy form, which is circulated to shareholders together with the notice of meeting 15 working days prior to the AGM. The Board encourages all shareholders to actively participate in the AGM. The shareholders may raise any queries they have on the annual accounts and the annual report with the Directors.	Compliant

CORPORATE GOVERNANCE

Rule No.	Corporate Governance Principles	Compliance Status
C.2	Communication with shareholders	
C.2.1	Effective communication with shareholders	Compliant
C.2.2 -	The Board approved Policy on Relations with Shareholders and Investors sets out the Bank’s policy on effective communications and relations with the shareholders and investors of the Bank and it was available for perusal upon request by shareholders, from 1st October 2024.	
C.2.3		
C.2.4 –		
C.2.7		
	Refer page 213 for more information on the Bank’s Shareholder Engagement.	
	Details of the contact personnel are provided in the “Corporate Information” section on page 525 of this Report. In addition, shareholders are encouraged to provide their feedback to the Board Chair and/or the Company Secretary. The Bank’s website’s Investor Relations page also carries contact details of the Company Secretary and a dedicated e-mail for investor relations is also provided.	
C.3	Major and material transactions	
C.3.1 –	Disclosure of major and material transactions	Compliant
C.3.2	During 2024 there were no major transactions as defined by Section 185 of the Companies Act No. 7 of 2007 which materially affected the Bank’s net asset base.	
C.3.3	Disclosure requirements and shareholder approval by special resolution	Compliant
	The Bank being a public listed company complies with the disclosure requirements and shareholder approval by special resolution as required by the rules and regulation of the Securities Exchange Commission and by the Colombo Stock Exchange as well as the Companies Act and the Bank’s Articles of Association.	
D	Accountability and audit	
D.1	Financial and business reporting	
D.1.1	True, fair, balanced and understandable presentation of Annual Report including Financial Statements with the relevant laws and regulations	Compliant
	Declarations by the Directors as required by the Code of Best Practice on Corporate Governance are provided on page 249 to 250 in the ‘Statement of Directors’ Responsibilities for Financial Reporting.	
D.1.2	Balanced and understandable assessment of interim and other price-sensitive public reports to regulators The Board is aware of its responsibility to present regulatory and statutory reports in a balanced and understandable manner. A statement to this effect is provided on page 253 of this Report. The Interim Accounts and Annual Financial Statements were published on a timely basis in 2024. Regulatory reports were filed by the Bank on or before the due dates in 2024. Price sensitive information was disclosed to the Colombo Stock Exchange on a timely basis in accordance with the Bank’s Board-approved Disclosure Policy. The Bank makes every effort to provide a detailed and transparent analysis of strategies, performance and future strategies to support investors in making an informed decision. In addition to the information provided in the reports mentioned above, a summary of the Interim Accounts and a section on understanding our financials in Financial Capital are provided in the Annual Report. Please refer pages 459 to 500 and 113 to 122 of this Report.	Compliant
D.1.3	Declarations by the CEO, CFO and the Board on Financial Statements Please refer the Responsibility Statement of Chief Executive Officer and Vice President Finance- on page 253 and the Directors’ Statement on Internal Control over Financial Reporting on pages 249 to 250.	
D.1.4	Declarations by the Directors in the Directors’ Report Declarations by the Directors as required by the Code are provided on page 223 in the Compliance Disclosures section.	Compliant

Rule No.	Corporate Governance Principles	Compliance Status
D.1.5	Preparation of Financial Statements and reporting responsibilities of auditors The Statement of Directors' Responsibility, Statement on Internal Controls and Report of the Auditors are provided on pages 251 to 252 and 254 respectively in the Annual Report.	Compliant
D.1.6	See page 113 onwards for the "Management Discussion and Analysis"	Compliant
D.1.7	Notify serious loss in Net Assets In the unlikely event of the net assets of the Company falling below 50% of Shareholders' Funds, the Board will summon an Extraordinary General Meeting (EGM) to notify the shareholders of the position and to explain the remedial action being taken. This situation has not arisen during 2024.	
D.1.8	Disclosure of Related Party Transactions A detailed Board-approved documented process is available and has been circulated to all staff through the NDB Cloud for compliance. Same is currently being reviewed and revised to cover the expanded scope in the Corporate Governance Direction 2024. Accordingly, each Related Party (or the respective connected party) has submitted signed and dated quarterly declarations in 2024 mentioning whether they have related party transactions with the Bank as required under regulations applicable to the Bank to comply with the disclosure requirements; The Company Secretary keeps a record of related party disclosures and makes necessary disclosures of transactions as and when same is reported. A record on Related Party and Related Party Transactions are maintained by the Bank to capture information to comply with the respective related party disclosure requirements imposed by CBSL/SEC/Accounting Standards/Auditing Standards and similar regulations. Please refer Section 3(7) (i) - 3(7) (vii) of the CBSL table on pages 418 to 419 for more details on the process adopted.	Compliant
D.2	Risk management and internal control	
D.2.1	Adoption of a framework for risk management The Board has adopted a framework for risk management and the processes to identify, assess, monitor and manage risks with clear delegation of responsibilities to ensure its effectiveness in supporting achievement of the strategic, operational, and financial objectives of the Bank.	Compliant
D.2.1.1	Robust assessment of the principal risks The Bank has carried out a robust assessment of the top risks faced by the Bank and an overview of the same is given on pages 183 to 185.	Compliant
D.2.1.2	Description of the risk management framework in the Annual Report Please see the Risk Management Overview on pages 443 to 483 for a description of the risk management framework, and how identified risks are being managed or mitigated.	Compliant
D.2.2	Establishment of a process to ensure internal control have been designed, implemented and monitored The Board has established a process to ensure that internal controls are designed, implemented and monitored in order to provide reasonable assurance of the achievement of the Bank's objectives on reliability of financial reporting, effectiveness and efficiency of operations and compliance with applicable laws and regulations.	Compliant
D.2.2.1	Establishment of internal controls in respect of financial, operational and compliance system The Board has established an effective system of internal controls in respect of financial, operational and compliance system. The processes and practices have been monitored regularly. The Board annually reviews the effectiveness of the internal control systems and has provided a report in the Annual Report.	Compliant
D.2.2.2	Internal audit function The Bank has a fully-fledged Audit Department over which the AC has oversight. The AC reviews the Internal Audit function at regular intervals.	Compliant

CORPORATE GOVERNANCE

Rule No.	Corporate Governance Principles	Compliance Status
D.2.2.3	<p>The Audit Committee to review the process and effectiveness of risk management and internal controls, and document to the Board</p> <p>The AC reviewed the internal controls and procedures at eight (08) meetings held during 2024. The minutes of the AC meetings are tabled at the meetings of the Board.</p> <p>The Internal Audit Department carries out regular reviews on the internal control system including internal control over financial reporting. The AC reviews and evaluates the effectiveness of the internal control system including the internal controls over financial reporting. The IRMC reviews processes relating to the risk management framework of the Bank. The AC Report and the IRMC Report are detailed on pages 237 to 239 and 234 to 236 of this Annual Report.</p>	Compliant
D.2.2.4	<p>Maintaining a sound system of internal control and the contents of the Statement of Internal Control</p> <p>Please refer pages 237 to 259 for the AC Report and refer pages 251 to 252 for Directors' Statement of Compliance on Internal Controls in the manner in which the Board complied with this requirement.</p>	Compliant
D.3	Audit Committee	
D.3.1	Composition of Audit Committee	Compliant
D.2.1.5 D.2.1.7	<p>The Audit Committee consists of three Non-Executive Independent Directors. The Chairperson is an Non-Executive Independent Director who has relevant experience in financial reporting and control. Members are selected to provide a broad set of financial, commercial and other relevant experience to meet the Committee's objectives.</p> <p>Other Members also have financial, commercial and other relevant experience to meet the Committee's objectives.</p>	
D.3.2	Terms of reference of the Audit Committee	Compliant
D.2.1.6	<p>Terms of Reference of the AC is clearly defined in the Charter of the Audit Committee approved by the Board of Directors, which was last revised and updated in August 2024. This clearly explains the purpose of the Committee, its duties and responsibilities together with the scope and functions of the Committee. The Committee mainly deals with matters pertaining to statutory and regulatory compliance in financial reporting and matters with regard to the External Auditors and Internal Audit.</p>	
D.3.3	<p>Disclosures regarding Audit Committee.</p> <p>Please refer pages 237 to 239 of the AC report</p>	Compliant
D.4	Risk Committee	
D.2.1.3	Establishment of a Risk Committee	Compliant
D.2.1.4	Considering regulatory requirements and the industry specific business risks, the Board has established an Integrated Risk Management Committee to oversee risk management.	
D.2.1.8		
D.4.1	<p>Composition of the Risk Committee</p> <p>Demonstrating the Bank's commitment to preserving the independence of the control functions, the composition of Integrated Risk Management Committee (IRMC) was revised by 31 December 2024 and the Committee comprised 6 Non-Executive Independent Directors. The Chairperson is an Non-Executive Independent Director.</p> <p>Please refer pages 234 to 236 for the report of the Integrated Risk Management Committee for more details on the composition and activities carried out by the Integrated Risk Management Committee for the year 2024.</p>	Compliant
D.4.2	<p>Risk Committee to have written TOR</p> <p>Terms of Reference of the IRMC is clearly defined in the Charter of the IRMC approved by the Board of Directors, which was last revised and updated in February 2024. This clearly explains the purpose of the Committee, its duties and responsibilities together with the scope and functions of the Committee.</p>	Compliant
D.4.3	<p>Regular Risk Meetings</p> <p>The Committee held 6 meetings, during the year under review to discuss the normal scope of work. The quorum for a meeting is four members of which two shall be Non-Executive Directors. The proceedings of the Committee meetings have been regularly reported to the Board of Directors.</p>	Compliant
D.4.4	<p>External Professional Advice</p> <p>The Committee has the authority to seek external professional advice in connection with the performance of its duties.</p>	Compliant

Rule No.	Corporate Governance Principles	Compliance Status
D.4.5	Disclosure on the roles and responsibilities The Committee has disclosed in the Annual Report the roles and how the committee has discharged its responsibilities.	Compliant
D.5	Related Party Transactions Review Committee	
D.5.1	The Bank has in place a Board-approved Related Party Transactions Policy which ensures that necessary processes are implemented by the Bank to identify, clarify, approve, monitor and disclose related party transactions as required under Corporate Governance Direction 2024, Section 9 of the Listing Rules of the Colombo Stock Exchange on Corporate Governance and identification and disclosure requirements in accordance with LKAS 24.	Compliant
D.5.2	Composition of the Related Party Transactions Review Committee The Related Party Transactions Review Committee consists exclusively of Non-Executive Independent Directors.	Compliant
D.5.3	Terms of Reference of the Related Party Transactions Review Committee The Bank has a Board-approved TOR and a Board-approved Related Party Transactions Policy in place which addresses requirements under this Code.	Compliant
D.6	Code of business conduct and ethics	
D.6.1	Code of Conduct for Directors and Senior Management	Compliant
D.6.5	The employees of the Bank are governed by a number of robust policies, including the Code of Business Conduct and Ethics for employees, Anti-Bribery and Corruption Policy and the Securities Trading Policy. The Board of Directors and KMPs follow the Corporate Governance Policy and Corporate Governance Process Manual which broadly addresses inter alia share dealing, confidentiality, conflict of interest and bribery and corruption.	
D.6.6		
D.6.7		
D.6.2	Identification and reporting of material and price sensitive information The Bank has in place a Board-approved Disclosure Policy which ensures that material and price sensitive information is promptly identified and reported in accordance with the relevant regulations.	Compliant
D.6.3	Monitoring and disclosure of shares purchased by any Director, KMPs or any other employee involved in financial reporting The Bank has in place a Board-approved Securities Trading Policy which restricts Directors and employees from trading in the NDB share during certain specified blackout periods to ensure that they do not trade based on price sensitive information. Further, this policy ensures that there is no speculative trading on the NDB share as a minimum holding requirement is in place. All share trades carried out by the Directors and employees of the Bank are monitored to ensure compliance.	Compliant
D.6.4	Establishment of a Whistleblower Policy The Bank has implemented a comprehensive procedure to address concerns raised by Whistleblower Policy, under the Bank's Whistleblower Policy. The Bank additionally has an independent ombudsman for staff complaints which enable employees to raise concerns and complaints.	Compliant
D.7	Corporate Governance disclosures	
	Disclosure of Corporate Governance The Bank's Corporate Governance practices are in accordance with the Corporate Governance Directions issued by CBSL, the Code, as well as the Corporate Governance Rules for Listed Companies issued by the Colombo Stock Exchange. The requirement is met with the presentation of this Corporate Governance Report from pages 192 to 254 of the Annual Report and its relevant annexures on pages 404 to 442.	Compliant
Section 2	Shareholders	
E	Institutional investors	
E.1	Shareholder voting	
	Encourage voting at AGM All shareholders are encouraged to participate at General Meetings and cast their votes. The AGM is used as an effective channel to create a dialogue between the shareholders and the Board of Directors. Also, the Board Chair and CEO have regular structured meetings with institutional shareholders. Board members are briefed about the matters discussed at such meetings. Please refer the Investor Relations section on pages 484 to 503 and the shareholder engagement section on page 213 to 214.	Compliant
E.2	Evaluating the corporate governance initiatives of the Bank Institutional investors are encouraged to give due weight to all relevant factors in Board structure and composition.	Compliant

CORPORATE GOVERNANCE

Rule No.	Corporate Governance Principles	Compliance Status
F.	Other investors	
F.1	<p>Independent advice for decision making when investing or divesting directly in shares of the Bank</p> <p>The Annual Report contains sufficient information for a potential investor to carry out his/her own analysis. The following reports aim to provide a balanced overall assessment of the Bank's activities, performance and prospects.</p> <p>Reflections from the Board Chair on pages 23 to 26.</p> <p>CEO's Review on pages 27 to 30.</p> <p>Management Discussion and Analysis on page 113 onwards.</p> <p>Annual Financial Statements on pages 257 to 396.</p> <p>Further, Interim Financial Statements published each quarter, provide sufficient information to enable the retail investors to make informed judgments regarding the performance of the Bank.</p> <p>Additionally, there is a separate part of the Bank's website dedicated to Investor Relations which provides this information online to all investors/shareholders.</p>	Compliant
F.2	<p>Encourage voting by individual shareholders in General Meetings</p> <p>Individual shareholders are encouraged to participate at the General Meetings of the Bank and exercise their voting rights.</p>	Compliant
G.	Internet of Things and Cyber Security	
G.1	<p>Process to identify how in the organisation's business model will mitigate the Cyber Security risks</p> <p>As per the Bank's Information Security Governance structure, the Information Security Unit defines the policies required to control Bank-wide information security.</p> <p>IT Department is responsible in implementing required security standards and monitoring the same while escalating any anomalies to the Information Security Committee which comprises members of the Bank's Senior Management. which are then escalated to the IRMC and towards regulatory authorities as defined.</p> <p>As per the Information Security Policy in the Bank, access via external devices to the Bank's network has been restricted where any exceptional requirement will be approved by the higher management following industry standard security measures.</p>	Compliant
G.2	<p>Appointment of Chief Information Security Officer (CISO) and Policies for Cyber Security risk management</p> <p>The Bank's Information Security Unit has implemented Board approved information security policies and performs periodic reviews in line with regulatory requirements and industry best practices. A designated officer is appointed overlook the functions of CISO.</p> <p>The policies adopted by the Bank include a robust cyber security risk management process, an incident reporting system, vendor management system, disaster recovery plan and a governance structure to monitor effective implementation, reporting process, scope, regularity of an Information and Communications Technology (ICT) audit.</p> <p>Technology Risk Management unit was instilled as part of Regulatory Framework on Technology Risk Resilience for licensed banks which is applicable to the entire operations of the Bank including operations carried out through agents and third party service providers.</p>	Compliant
G.3	<p>Allocate regular and adequate time on the Board meeting agenda for discussions about cyber risk management</p> <p>Cyber security risks are discussed at Information Security Committee as the apex management level body responsible for information technology resilience of the Bank and IT Steering Committee as relevant and when required.</p> <p>On a quarterly basis at the IRMC, the Information Security Function will present the status of cyber security risk and developments.</p>	Compliant

Rule No.	Corporate Governance Principles	Compliance Status
G.4	<p>Independent periodic review and assurance on effectiveness of the Cyber Security risk management</p> <p>To ensure the robustness of our cybersecurity risk management framework, independent periodic reviews and assurance activities were undertaken during the year. KPMG conducted comprehensive security assessments and Vulnerability Assessment & Penetration Testing (VAPT) for all mobile payment applications and other public-facing delivery channels, including the corporate website.</p> <p>Additionally, effectiveness testing of the Web Application Firewall (WAF) was carried out to validate the functionality of this critical security layer, which safeguards all public web applications from potential threats.</p> <p>These assessments confirmed that the required security controls are effectively implemented and aligned with industry standards, reaffirming our commitment to maintaining a secure and resilient operating environment.</p>	Compliant
G.5	<p>Disclosure of the process to identify and manage Cyber Security risks</p> <p>Please refer page 23 of the Board of Directors report on the affairs of the Bank and pages 210 to 211 of the Corporate Governance Report which details the process to identify and manage cyber-security risks.</p>	Compliant
H	Sustainability: ESG Risk and Opportunities	
H.1	<p>ESG risk and opportunities</p> <p>The Board has taken into consideration the ESG risk and opportunities in the Bank's business model, operations, short and medium-term planning, and its long-term strategy to ensure that the Bank has remained resilient and is able to deliver durable and sustainable value over the short, medium and long-term in order to maintain the confidence and continued engagement of shareholders and all significant stakeholders.</p>	Compliant
H.1.1	<p>Impact of ESG risks and opportunities</p> <p>The Bank has included the impact of ESG risks and opportunities in its business plans, strategic plans and these plans are submitted to the Board on a regular basis.</p>	Compliant
H.2	<p>Views of Stakeholders</p> <p>The Board and Key Management Personnel have engaged with and have considered the views of its stakeholders in order to understand and manage the Bank's ESG risk and opportunities since stakeholder expectations have heightened across various issues relating to the protection of environment and other ESG issues.</p>	Compliant
H.2.1	<p>Process to recognise significant stakeholders</p> <p>The Bank has a system in place to recognise significant stakeholders and material matters relating to significant stakeholders and a method of engagement relevant to their level of interest and influence.</p>	Compliant
H.3	<p>Governance Framework</p> <p>The Board has established a governance framework and structure which includes conformance, performance and ESG factors.</p>	Compliant
H.3.1	<p>Sustainability factors</p> <p>The Board has addressed sustainability factors through an environmental, social and governance framework.</p>	Compliant
H.3.1.1	<p>Environmental Governance</p> <p>The Bank has adopted an integrated approach in relation to Environmental Governance which takes into account the direct and indirect economic, social, health and environmental implications on business strategies, plans, decisions and operations.</p>	Compliant

CORPORATE GOVERNANCE

Rule No.	Corporate Governance Principles	Compliance Status
H.3.1.2	<p>Social Governance</p> <p>The Bank has adopted an integrated approach in relation to Social Governance in order to be able to engage with representative groups of the community, customers, employees, suppliers, outsourced providers and any other party that could influence the Bank's business model in relation to aspects material to the Bank's sustainable growth.</p> <p>Relationship with community</p> <p>The Bank has adopted an integrated approach to building relationships with the community for sustainable development.</p> <p>Relationship with Customers</p> <p>The Bank has adopted an integrated approach to building relations with the customers. The Bank has a policy in place for customer feedback through engagement, efficient service deliver, standards for product responsibility and product recall and other matters that are material and relevant to the Bank's business model and customer experience.</p> <p>Labour Practice Governance</p> <p>The Bank's labour practice related governance encompasses all policies and practices in relation to work performed by or on behalf of the Bank. The governance also contains policies and practices such as health and safety, equal opportunity, gender balance, career development and training, reward and recognition, conditions of work, work-life balance and industrial relations.</p>	Compliant
	<p>Suppliers and Outsourced Providers</p> <p>The Bank has policies and procedures in place to ensure that suppliers and outsourced providers comply with social and governance norms of the Bank.</p>	Compliant
H.4	<p>Establishment of a governance structure to support ESG factors</p> <p>The Board has established a governance structure to support ESG factors.</p>	Compliant
H.4.1	<p>Recognition of key resources/capital</p> <p>The Board has recognised its key resources/capital deployed in its business and stakeholders.</p>	Compliant
H.4.2	<p>Process in ascertaining, assessing and managing ESG factors</p> <p>The Board has implemented a process to ascertain, assess and manage ESG factors which has an impact on the sustainability of the Bank.</p>	Compliant
H.4.3	<p>Establishment of financial and non-financial measures</p> <p>The Board has established financial and non-financial measures in respect of all material matters relating to significant stakeholders, environmental and social factors.</p>	Compliant
H.5	<p>Disclose ESG risks and opportunities</p> <p>The Board has disclosed how all its ESG risks and opportunities are recognised, managed, measured and reported in the annual report.</p>	Compliant
H.5.1 - H.5.4	<p>ESG Reporting</p> <p>The Board has implemented ESG policies and practices into the Bank's strategy, business model, governance and risk management and reports on its likely impacts and implications.</p> <p>The Board has disclosed on how the Bank has complied with the mandatory and voluntary codes of corporate governance. The Bank's leadership structure, organisational culture, code of conduct and business model supports the sustainability of the Bank in the short, medium and long term.</p> <p>Please refer pages 210, 80 to 83 and 172 to 185 for more information on the Bank's Commitment to Sustainability.</p>	Compliant
I	Special Considerations For Listed Entities	
I.1	<p>Establishment and maintenance of policies and other requirements</p> <p>The Bank has established and maintains 12 mandatory policies which the shareholders can peruse upon request. Details are available on the Bank's website below; https://www.ndbbank.com/investor-relations/governance-and-shareholding-structure</p>	Compliant
I.2	<p>Policy on Matters Relating to the Board of Directors</p> <p>I.2.1 – I.2.2</p> <p>Establishing policies relating to the Board of Directors</p> <p>The Bank has a comprehensive policy framework for Corporate Governance. The Policy on Matters Relating to Board of Directors forms part of this framework and aligns with the requirements in the Code as well.</p>	Compliant

STATEMENT OF COMPLIANCE - SECTION 9 - THE LISTING RULES OF THE COLOMBO STOCK EXCHANGE ON CORPORATE GOVERNANCE

In September 2023, the Colombo Stock Exchange introduced a new section to its Listing Rules entitled "Section 9 - Corporate Governance" which specifies the minimum standards of corporate governance to be followed by listed entities. These Rules were required to be complied with on a staggered basis during the period 01 October 2023 to 01 October 2024.

The Rules broadly cover areas such as Policies, Board Committees (specifically Nominations and Governance Committee, Remuneration Committee, Audit Committee and Related Party Transactions Review Committee), Shareholder relations, Chairperson and CEO, Fitness and Propriety of Directors, Board Composition, Alternate Directors and Director related disclosures.

The Bank's adherence with Section 9 of the Listing Rules is detailed below with explanatory comments as follows;

(Compliance with the specific disclosure requirements of Section 9 of the Listing Rules is detailed on pages 219 - 222)

Rule No.	Corporate Governance Requirement/Explanatory comments	Compliance Status/Page reference in Annual Report
9.1	Applicability	
9.1.3	<p>Bank to publish a statement confirming the extent of compliance with the Corporate Governance Rules set out herein, in the Annual Report of the Entity.</p> <p>This detailed statement along with the statement outlining the Bank's compliance with the specific disclosure requirements from page 436 to 442 covers this requirement.</p>	Compliant
9.2	Policies	
9.2.1	<p>Requirement to establish, maintain and disclose policies</p> <p>The Bank has established and maintains the following policies, and has disclosed its existence and details of implementation on the website, as listed below;</p> <p>Policy on matters relating to the Board of Directors</p> <p>Policy on Board Committees</p> <p>Policy on Corporate Governance, Nominations and Re-election</p> <p>Policy on Remuneration</p> <p>Policy on Internal Code of Business conduct and Ethics for all Directors and employees, including policies on trading in the Bank's listed securities</p> <p>Policy on Risk Management and Internal controls</p> <p>Policy on Relations with Shareholders and Investors</p> <p>Policy on Environmental, Social and Governance Sustainability</p> <p>Policy on Control and Management of Company Assets and Shareholder Investments</p> <p>Policy on Corporate Disclosures</p> <p>Policy on Whistle blowing</p> <p>Policy on Anti-Bribery and Corruption</p>	Compliant
9.2.2	<p>Waivers from compliance</p> <p>Any waivers from compliance with the Internal Code of business conduct and ethics or exemptions granted.</p>	None
9.2.4	<p>Availability upon request to shareholders</p> <p>The Bank has a process in place to make available policies referred in Section 9.2.1 above, to shareholders upon a written request being made for any such Policy.</p>	Compliant

CORPORATE GOVERNANCE

Rule No.	Corporate Governance Requirement/Explanatory comments	Compliance Status/Page reference in Annual Report
9.3	Board Committees	
9.3.1/9.3.2	<p>Following Board Committees to be established and Bank to be compliant with the composition, responsibilities and disclosure requirements set out in the Rules;</p> <ul style="list-style-type: none"> ☉ Nominations and Governance Committee ☉ Remuneration Committee ☉ Audit Committee ☉ Related Party Transactions Review Committee <p>Accordingly, the Board has established nine (09) sub committees including the five (05) mandatory sub committees of which two separate committees have been established to perform risk and audit functions. Refer page 199 to 200 for "A fit for purpose structure" and pages 227 to 241 for the reports of the respective sub committees.</p>	Compliant
9.3.3	<p>Chairpersons of above committees cannot be board chair</p> <p>The Bank ensured compliance with this requirement well in advance of the stipulated timelines for compliance.</p>	Compliant
9.4	Principles of democracy in shareholder dealings	
9.4.1	<p>Bank to maintain records of all resolutions and the requisite information of shareholder resolutions and provide copies to the SEC or CSE if requested.</p> <p>The Company Secretary maintains records of all shareholder resolutions and requisite information and is able to provide extracts of such resolutions to the SEC and CSE if required.</p>	Compliant
9.4.2	<p>A shareholder communications and relations policy to be established and its existence to be disclosed in Annual Report and website and the policy shall include a process to make all directors aware of major issues and concerns of shareholders and this process to be disclosed in Annual Report and website. The Bank to have and disclose a contact person for communication with shareholders</p> <p>The Board approved Policy on Relations with Shareholders and Investors sets out the Bank's policy on effective communications and relations with the shareholders and investors of the Bank and it was available for perusal upon request to shareholders, from 1st October 2024.</p> <p>The Company Secretary keeps the Board apprised of major issues and concerns raised by the shareholders to ensure that they are addressed in an appropriate manner keeping in line with the corporate values of the Bank. Shareholder correspondences on major issues are handled by the Board Chair with the concurrence of the Board/the CEO as appropriate.</p> <p>Refer page 213 to 214 for more information on the Bank's Shareholder Engagement.</p> <p>Details of the contact personnel are provided in the "Corporate Information" section on page 525 of this Report. In addition, shareholders are encouraged to provide their feedback to the Board Chair and/or the Company Secretary. The bank website's Investor Relations page also carries contact details of the Company Secretary and a dedicated e-mail for investor relations has also been provided.</p>	Compliant
	<p>Shareholder meetings conducted virtually/in hybrid mode to comply with the Guidelines issued by CSE.</p> <p>The Bank ensures that virtual/hybrid shareholder meetings if any are conducted in compliance with the Guidelines issued by the CSE as incorporated in the Articles of Association of the Bank.</p>	Compliant
9.5	Policy on Board related matters	
9.5.1	<p>Bank has established a Policy on Matters relating to Board of Directors covering the requisites in 9.5.1 and it was available for perusal upon request to shareholders, from 1st October 2024.</p>	Compliant

Rule No.	Corporate Governance Requirement/Explanatory comments	Compliance Status/Page reference in Annual Report
9.6	Chairperson and CEO	
9.6	<p>Chairperson of the Bank should be a Non-Executive Director and the position of Chairperson and CEO shall not be held by the same person.</p> <p>The Articles of Association of the Bank requires that the Chairperson of the Bank should be an Independent Director. As such, the positions of Chairperson and CEO are not held by the same person.</p>	Compliant
9.6.3	<p>If Chairperson and CEO are the same person; or if the Chairperson and CEO are close family members or related parties, Bank to appoint a Senior Independent Director (SID) and comply with the requirements in 9.6.3</p> <p>Same as above.</p>	Compliant
9.7	Fitness of Directors and CEO	
9.7.1/9.7.2/9.7.3/9.7.4	<p>Bank to ensure that the Directors and CEO and the persons recommended by the Nominations and Governance Committee are at all times, fit and proper persons as per the criteria in 9.7.3. Bank to obtain declarations from all directors and CEO on an annual basis confirming their fitness and propriety.</p> <p>The Company Secretary obtains declarations from the Directors on an annual basis. In view of these Rules, a declaration in the form of an affidavit confirming each Director's fitness and propriety in line with the Listing Rules has been included in these annual declarations from 2023 onwards. The said annual declarations are submitted to the Nominations and Governance Committee to assess and ensure that the Directors are fit and proper persons to hold office as specified in the criteria given in laws applicable to the Bank.</p> <p>The frequency of obtaining declarations increased to a quarterly basis from Q4 2024.</p>	Compliant
9.8	Board Composition	
9.8.1	<p>Minimum number of Directors shall be 5.</p> <p>The number of Directors during the year 2024 was in compliance with the thresholds detailed in these Rules. As at 31 December 2024, the Board comprised nine (09) Directors.</p>	Compliant
9.8.2 9.8.3 9.8.5	<p>Minimum number of Independent Directors shall be 2 or 1/3rd of the total number of Directors (whichever is higher). Any change to be rectified within 90 days.</p> <p>The Bank diligently monitors the composition of its Board. The frequency of obtaining declarations from the Directors was increased from annual basis to quarterly basis from Q4 2024. Additionally, a declaration confirming each Director's independence in the format prescribed by the Listing Rules is also obtained at the end of each year. The declarations obtained are submitted to the Nominations and Governance Committee to assess and ensure that the standards of Board composition stipulated in laws applicable to the Bank are met. As at 31 December 2024 there were 8 Non-Executive Independent Directors on the Board as per the criteria in the CSE Listing Rules which is above the regulatory requirement. The Non-Executive Independent Directors are detailed on page 197 of this report.</p>	Compliant
9.9	Alternate Directors	
9.9	<p>Bank to follow the requirements laid down in 9.9 when appointing Alternate Directors and incorporate such requirements in the Bank's Articles of Association.</p> <p>Directors appointed Alternate Directors in line with the Articles of Association of the Bank and the Banking Act as and when required for a particular meeting. Alternate Directors appointed by an Independent Director have also been independent. The Bank's Articles of Association are in conformity with these Rules and immediate Market Announcements are made when an Alternate Directors is appointed.</p>	Compliant

CORPORATE GOVERNANCE

Rule No.	Corporate Governance Requirement/Explanatory comments	Compliance Status/Page reference in Annual Report
9.10	Director Disclosures	
9.10.1	<p>Bank to disclose policy on the maximum number of directorships allowed to be held by a Director. If such number is exceeded, an explanation to be provided in the Annual Report.</p> <p>As required by the Banking Act Directions, no Director holds Directorships of more than 20 companies. The Directorships of each of the Directors are disclosed on pages 32 to 37 of the Annual Report.</p>	Compliant
9.10.3	<p>Bank shall make an immediate Market Announcement regarding any changes to the composition of the Board Committees referred to in Rule 9.3 containing, at minimum, the details of changes including the capacity of directorship with the effective date thereof.</p> <p>The Bank makes the required announcements as and when necessary.</p>	Compliant
9.11	Nominations and Governance Committee	
9.11.1 9.11.3	<p>Bank shall have a Nominations and Governance Committee (NGC). NGC to have written Terms of Reference.</p> <p>The Bank has a comprehensive TOR for the NGC. Please refer pages 227 to 230 for the Report of the NGC.</p>	Compliant
9.11.2	<p>Establish and maintain a formal procedure for appointment and re-election of Directors through the NGC</p> <p>The NGC considers Board vacancies and recommends suitable candidates when necessary in accordance with the Board-approved procedure for selection and appointment of Directors and in line with applicable laws and regulations.</p>	Compliant
9.11.4 9.11.5	<p>Functions and Composition of the NGC</p> <p>The NGC shall comprise at least three directors, with a minimum of two being independent, exclude executive directors, and have an independent director as the chairperson.</p> <p>Please see detailed report on pages 227 to 230 for the functions and composition of the NGC. The Committee complied with the composition requirements well in advance of the stipulated timeline.</p>	Compliant
9.12	Remuneration Committee	
9.12.2 9.12.5	<p>Bank shall have a Remuneration Committee and the Committee to have written Terms of Reference.</p> <p>The Bank has a Human Resources and Remuneration Committee (HRRC) with a comprehensive TOR consistent with the Listing Rules. Please refer page 231 to 233 for the Report of the HRRC.</p>	Compliant
9.12.3 9.12.4	<p>HRRC shall establish and maintain a formal and transparent procedure for developing policy on Executive Directors' remuneration and for fixing the remuneration packages of individual directors. Remuneration of Directors to be based on policy which adopts non-discriminatory pay practices.</p> <p>The Bank has a comprehensive Board-approved Remuneration Policy addressing the above areas, for Directors, CEO and KMPs.</p>	Compliant

Rule No.	Corporate Governance Requirement/Explanatory comments	Compliance Status/Page reference in Annual Report
9.12.6	<p>Functions and Composition of the HRRC</p> <p>The HRRC shall comprise a minimum 3 Directors, out of which minimum 2 shall be independent, and shall not consist of Executive Directors. The Chairperson shall be an Independent Director.</p> <p>Please see detailed report on pages 231 to 233 for the functions and composition of the HRRC. The Committee complied with the composition requirements well in advance of the stipulated timeline.</p> <p>Where parent and subsidiary are both listed the HRRC of the parent may be permitted to function as the HRRC of the subsidiary.</p> <p>Not applicable since none of the subsidiaries are listed.</p>	Compliant
9.13	Audit Committee and IRMC	
9.13.1	<p>Where Listed Entities do not maintain separate Committees to perform the Audit and Risk Functions, the Audit Committee of such Listed Entities shall additionally perform the Risk Functions set out in Rule 9.13. Audit Committee to have written Terms of Reference.</p> <p>The Bank has a separate Audit Committee (AC) and an Integrated Risk Management Committee (IRMC) with written Terms of Reference. See detailed reports on pages 237 to 239 and 234 to 236.</p>	Compliant
9.13.2		
9.13.3	<p>Functions and Composition of the AC</p> <p>The Committee shall comprise a minimum 3 Directors out of which minimum 2 or a majority (whichever higher) shall be independent and shall not consist of Executive Directors. Chairperson to be an independent Director.</p> <p>Please see detailed report on pages 237 to 239 for the functions and composition of the AC. The Committee complied with the composition requirements well in advance of the stipulated timeline.</p>	Compliant
9.13.4	<p>The AC shall have compulsory meetings on a quarterly basis prior to recommending the financials to be released to the market.</p> <p>Quorum- majority of those in attendance shall be independent. CEO and CFO to attend meetings by invitation. Provided however where there is a separate Risk Committee, the CEO shall attend the Risk Committee meetings by invitation.</p> <p>The AC had eight (08) meetings in 2024 with at least 1 meeting per quarter and the Rule was complied with during all those meetings.</p> <p>Further, the IRMC has had 6 meetings in 2024 and the CEO attended all IRMC meetings by invitation, except for one meeting which was held prior to his appointment.</p>	Compliant
	<p>Where parent and subsidiary are both listed the AC of the parent may be permitted to function as the AC of the subsidiary.</p> <p>Not applicable since none of the subsidiaries are listed.</p>	Compliant
	<p>The Chairperson of the AC shall be a Member of a recognised professional accounting body. Provided however, this Rule shall not be applicable in respect of Risk Committees where there is a separate Risk Committee and Audit Committee.</p> <p>The Chairperson of the AC, Mr. Sujeewa Mudalige has over 35 years of experience as a Chartered Accountant. His qualifications are FCA (ICA - SL), FCMA (CIMA - UK), FCCA (ACCA - UK) and FCPA (CPA - Australia).</p>	Compliant

CORPORATE GOVERNANCE

Rule No.	Corporate Governance Requirement/Explanatory comments	Compliance Status/Page reference in Annual Report
9.14	Related Party Transactions Review Committee	
9.14.1	Bank shall have a Related Party Transactions Review Committee (RPTRC) The RPTRC of the Bank conforms to the requirements stipulated in Section 9.14 of the Listing Rules.	Compliant
9.14.2	Functions and Composition of the RPTRC	Compliant
9.14.3	RPTRC comprises of Non Executive Independent Directors. The Chairperson is an independent director. The Terms of Reference of the Bank's Related Party Transactions Review Committee is amended from time to time to keep the RPTRC abreast of any regulatory changes to the scope and composition of the committee. Please see detailed report on pages 240 to 241	
	Where parent and subsidiary are both listed the RPTRC of the parent may be permitted to function as the RPTRC of the subsidiary. Not applicable since none of the subsidiaries are listed.	Not applicable
9.14.4	General Requirements	
	Frequency of meetings shall be at least quarterly In 2024, the RPTRC had 4 meetings, with 1 meeting per quarter.	Compliant
	Minutes of meetings are properly documented and communicated to the Board of Directors and the minutes of the RPTRC are tabled at the meetings of the Board of Directors on a periodic basis. Please see detailed report on pages 240 to 241.	Compliant
	Members of the RPTRC to ensure they have or have access to adequate knowledge expertise and advice. The RPTRC ensures this through this being enshrined in the Terms of Reference of the RPTRC, the members being aware of the same exercises this right as and when needed.	Compliant
	Where necessary, the RPTRC shall request the Board of Directors to approve the Related Party Transactions which are under review by the RPTRC. In such instances, the approval of the Board of Directors should be obtained prior to entering into the relevant Related Party Transaction. When necessary, Related Party Transactions were submitted to the Board in 2024.	Compliant
	Interested directors shall not vote on or be present during the deliberations on the specific matter. Interested directors did not vote on or participate in any discussions during deliberations on the interested matters in 2024.	Compliant
9.14.5	Subject to the exemptions, RPTRC shall review in advance all proposed RPTs The RPTRC reviews all transactions falling within the scope of its Terms of Reference. For details of activities of the RPTRC, please see the report of the RPTRC on pages 240 to 241.	Compliant
	In the event of any material changes to a previously reviewed Related Party Transaction in terms of Rule 9.14.5 (1) such proposed material changes shall also be reviewed by the RPTRC prior to the completion of the transaction. This requirement has been incorporated into the Terms of Reference and is followed in the Bank.	Compliant

Rule No.	Corporate Governance Requirement/Explanatory comments	Compliance Status/Page reference in Annual Report
	<p>The RPTRC shall be provided with all the facts and circumstances of the proposed RPT by the senior management to facilitate the review of a RPT.</p> <p>This requirement has been incorporated into the Terms of Reference and is followed in the Bank.</p>	Compliant
	<p>Directors shall not participate in discussions where there is conflict except for the express purpose of providing information. Where necessary, a special committee to be created to review a proposed RPT.</p> <p>Interested directors did not vote on or participate in any discussions during deliberations on the interested matters in 2024.</p>	Compliant
	<p>For recurrent RPTs, the RPTRC may establish guidelines for the senior management to follow in its ongoing dealings with the Related Party. Thereafter, the RPTRC on an annual basis, shall review and assess ongoing relationships with the Related Party to determine whether they are in compliance with the Committee's guidelines and that the RPT remains appropriate.</p> <p>This requirement has been incorporated into the Terms of Reference of the RPTRC and is followed by the Bank.</p>	Compliant
9.14.6	<p>Bank to obtain shareholder approval by Special Resolution for the RPTs specified in 9.14.6</p> <p>The RPT Policy of the Bank provides for obtaining shareholder approval for non-recurrent No such transactions took place in 2024.</p>	Not Applicable
9.14.7	<p>The Bank shall make an immediate Market Announcement to the Exchange for RPTs as set out in Section 9.14.7 (a) and (b).</p> <p>The RPTs policy of the Bank provides for making an immediate Market Announcement to the Exchange for RPTs identified in this Section.</p> <p>There were no RPTs during the year which required immediate Market Announcement as set out in Section 9.14.7.</p>	Compliant
9.14.9	<p>Acquisition and Disposal of substantial assets from/to related parties to be done with shareholder approval as per Rule 9.14.9.</p> <p>No such transactions took place in 2024.</p>	Nil