

Board Nomination Committee Report

Composition of the Committee

The Board Nomination Committee as at the end of the year comprised of the following Independent Non-Executive Directors of the Bank:

Mr. K.G.D.D. Dheerasinghe (*Chairman*)

Mr. M.P. Jayawardena (*Director*)

Prof. U.P. Liyanage (*Director*)

Mr. J. Durairatnam, Managing Director/CEO attended meetings of the Committee by invitation. Ms. J.R. Gamage, the Company Secretary of the Bank, functioned as the Secretary of the Committee.

Brief profiles of the members of the Committee are given on pages 129 to 131.

Terms of Reference of the Committee**(a) Purpose of Establishing the Committee**

Nomination Committee was established by the Board in compliance with sub-direction 3 (6) of the Direction No. 11 of 2007 (subsequently amended) on Corporate Governance for Licensed Commercial Banks in Sri Lanka issued by the Monetary Board of the Central Bank under Section 46(1) of the Banking Act No. 30 of 1988, as amended, to ensure Board's oversight and control over 'Selection of Directors, Chief Executive Officer and Key Management Personnel'.

Matters relating to Key Management Personnel may be dealt with by the Board Human Resources and Remuneration Sub-Committee.

(b) Composition of the Committee

- The Committee shall be chaired by an Independent Director who has adequate experience in the relevant subject and be constituted with a majority of Independent Directors from the Board to ensure that the responsibilities of the Committee are discharged effectively.
- Chief Executive Officer may be present at meetings by invitation.

(c) Authority of the Committee

- The Committee has the authority to discuss issues under its purview and report back to the Board with recommendations, enabling the Board to take a final decision on the matter.
- If a need arises, professionals from outside may be invited for advice on specific issues.
- Bank staff may be present at Committee meetings for advice or special assignments on invitation.

(d) Meetings of Committee

- There shall be a quorum of two thirds of the members of the Committee to hold a meeting.
- The Committee shall meet as and when a need arises.

Charter of the Committee

The mandate of the Committee includes *inter-alia* the following:

- To implement a procedure to select/appoint new Directors, Chief Executive Officer and Key Management Personnel.
- To consider and recommend (or not recommend) the re-election of current Directors, taking into account the performance and contribution made by them towards the overall discharge of the Board's responsibilities.
- To set the criteria such as qualifications, experience and key attributes required for eligibility to be considered for appointment or promotion to the post of Chief Executive Officer and key management positions.
- To ensure that Directors, Chief Executive Officer and Key Management Personnel are fit and proper persons to hold office as per the criteria set out in the Direction issued by the Central Bank of Sri Lanka and relevant statutes.
- To consider and recommend, from time to time, the requirements of additional/new expertise and the succession arrangements for retiring Directors and Key Management Personnel.
- To make recommendations on any other matter/s referred to it by the Board of Directors.

Matters relating to Key Management Personnel may be dealt with by the Human Resources Sub-Committee.

Committee Meetings

Five Committee meetings were held during the year under review. Attendance of the Committee members at the meeting is given on page 153 Proceedings of the Committee meetings are regularly reported to the Board of Directors.

Methodology Adopted by the Committee

The Committee continued to work closely with the Board of Directors on matters assigned to the Committee and reported back to the Board of Directors with its recommendations.



K.G.D.D. Dheerasinghe

Chairman - Board Nomination Committee

Colombo
February 23, 2015