

Human Capital

A winning team is key to our success in becoming the country’s powerhouse in financial services. A passion for excellence, equal opportunity, commitment to developing our people and meritocracy are interwoven in to the Bank’s culture ensuring that future leaders are nurtured from within who understand a culture that is unique to Commercial Bank.

Performance Highlights

A High Performing Team

Employee productivity has increased both in terms of revenue per employee and profit per employee (before tax) as growth was achieved with minimal increase in the head count which is testimony to the performance of an exceptional team.

Year	No. of Employees (RHS)	Revenue per Employee (LHS) (Rs. '000/Nos. '000)	Profit per Employee (LHS) (Rs. '000/Nos. '000)
11	11	~4.6	~3.2
12	12	~4.7	~3.3
13	13	~4.8	~3.4
14	14	~4.8	~3.4
15	15	~4.8	~3.4

Committed to Developing Our People

A proven track record of attracting and developing talent enables us to build a unique culture with stories passed from mentors to mentees, enriching their experience and ensuring that we benefit from the many lessons learnt over the years. We invested Rs. 134.8 Mn. in training our team and covering over 120,000 training hours in 2015 although the value of our mentoring process, is not monetised.

Year	Training Cost (Rs. Mn.)	Training Hours - Technical (Hours)	Training Hours - Soft Skills (Hours)
11	~100	~100,000	~10,000
12	~100	~100,000	~10,000
13	~135	~120,000	~15,000
14	~135	~120,000	~15,000
15	~135	~120,000	~15,000

Employee Engagement

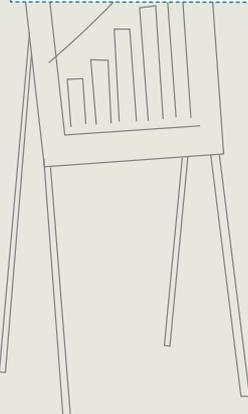
Our periodic employee survey results indicate high levels of employee engagement facilitating high levels of performance. This reflects the efficacy of internal communication and a conducive work environment for our people and is a key indicator of employee satisfaction.

Retention

We recognise that we need to retain people in order to develop them. Our employee value creation processes are designed to retain and develop them to progressively higher levels of performance, assisting them to realise their full potential. Our retention rate testifies this.

Human Resources Awards

Bank’s best practices on Human Resources Management were internationally recognised at the Asia’s Best Employer Brand Awards – 2015, held in Singapore in August 2015, where the Bank was awarded the ‘Asia’s Best Employer Brand Award’ as well as the ‘Award for Talent Management’.

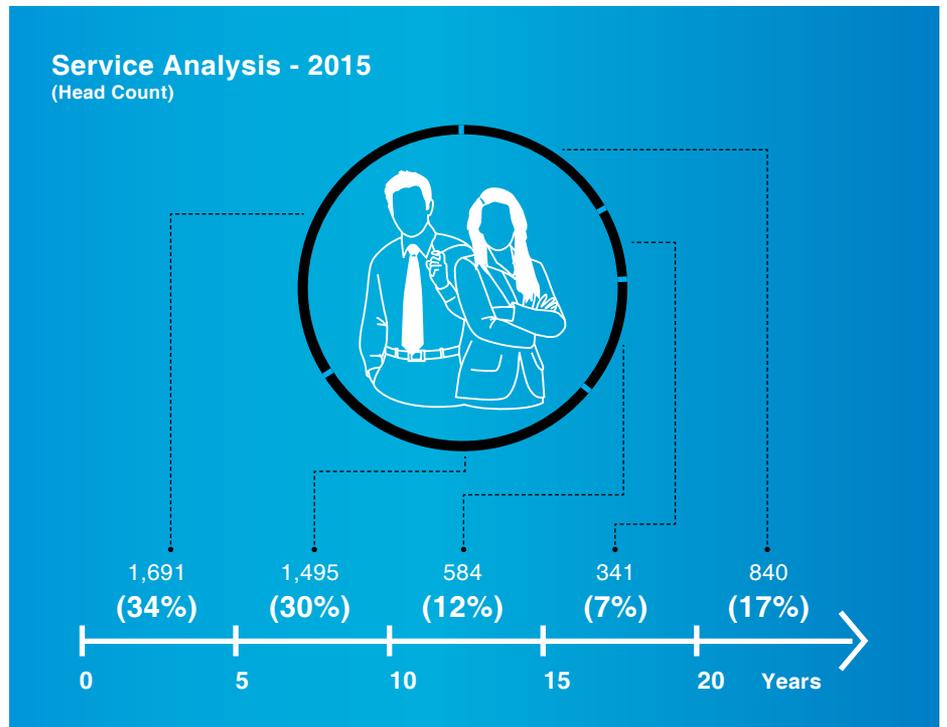


HR Governance

A strong governance structure ensures that we balance the interests of our employees with the interests of other stakeholders. The Board is ultimately responsible for our People Strategy and are assisted in the discharge of their duties by the BHRRC. The Human Resources Department is in charge of implementing the people strategy and reports to the CEO and the BHRRC on its activities.

Employee Productivity

As evinced from the graph on page 194, employee productivity has consistently increased both in terms of revenue per employee and profit per employee due to initiatives on lean management and increasing digitisation. It is a key strength of the Bank and a tribute to the effectiveness of the training and development programmes and high levels of engagement. It is noteworthy that there are no employee redundancies in an industry where global giants have been down-sizing head count in thousands of employees.



→ Figure – 30

The Bank's employee value proposition is encapsulated in the diagram below:



→ Figure – 31

The HR policy framework is in compliance with the Shop and Office Employees Act and embraces international best practices. It clearly defines processes and procedures to drive the employee

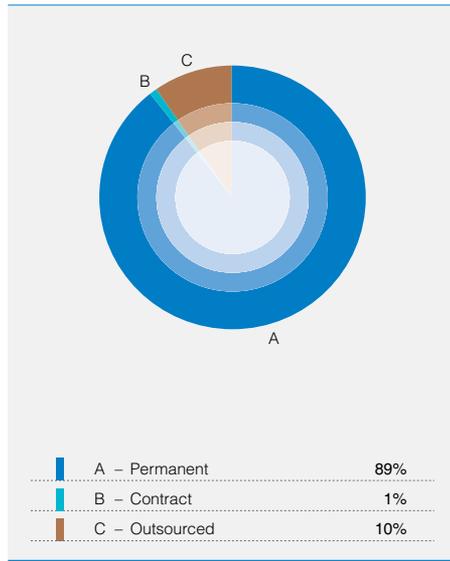
value creation process and the BHRRC receives regular reports on identified key performance indicators to assess the effectiveness of the same.

Team Profile

Our team comprise 4,951 employees located in Sri Lanka, Bangladesh and other overseas locations. We are bound by common values which are reinforced through regular internal communications and camaraderie fostered through a variety of cross departmental activities. Our employees enjoy freedom of association and 83% are members of one of the two employee associations that represent their interests. The analysis below is a tribute to our diversity. (Graphs 69 to 73)

Analysis of Full Time Employees by Type

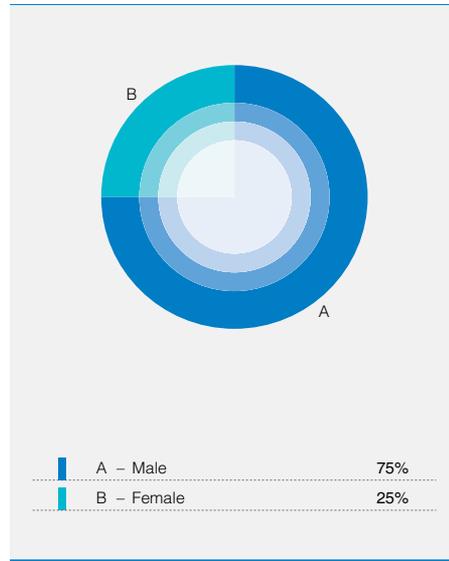
%



→ Graph – 69

Analysis by Gender

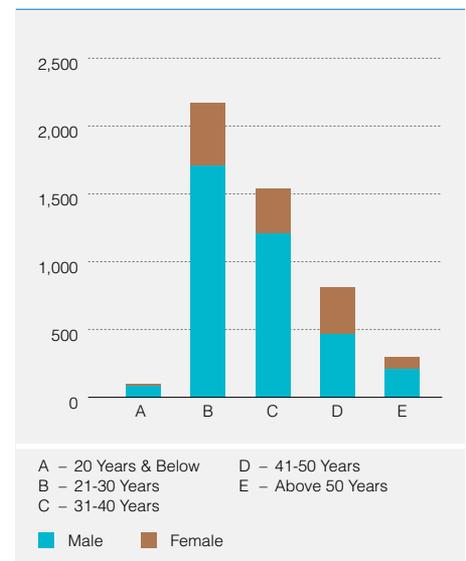
%



→ Graph – 71

Analysis by Age & Gender

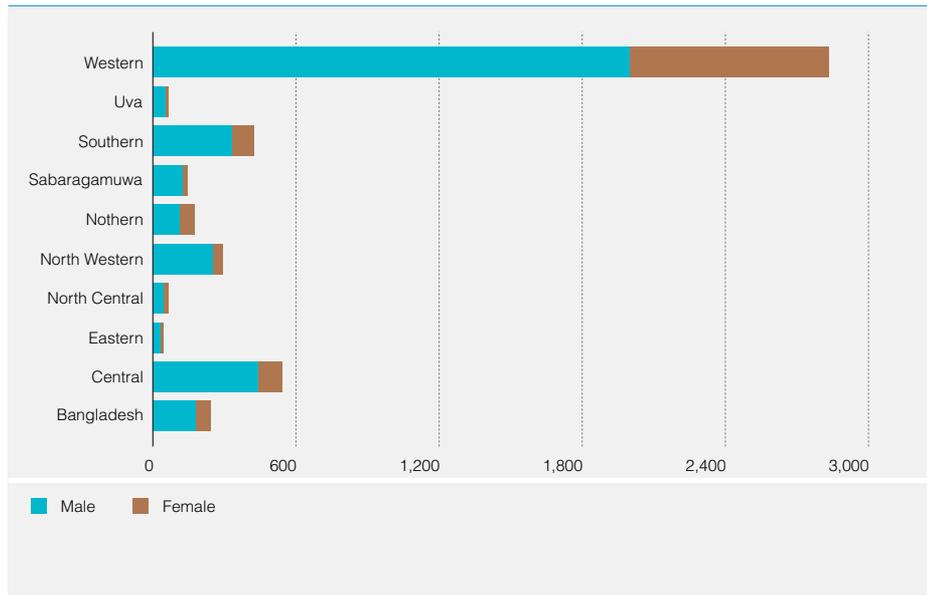
Nos.



→ Graph – 72

Geographical Analysis of Full Time Employees

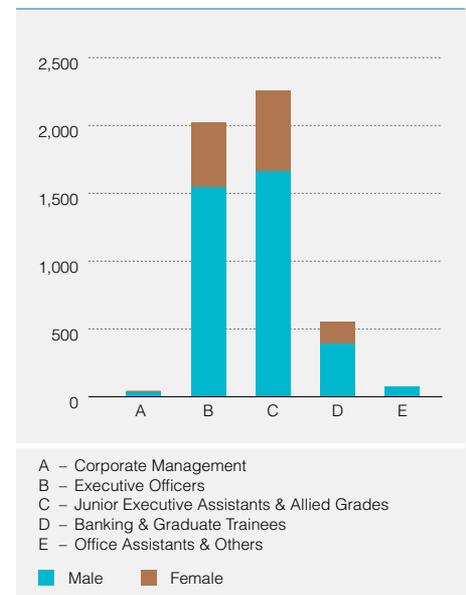
Nos.



→ Graph – 70

Analysis by Employment Category & Gender

Nos.



→ Graph – 73



4,951
Employees

A dedicated team to serve you



120,000
Training Hours

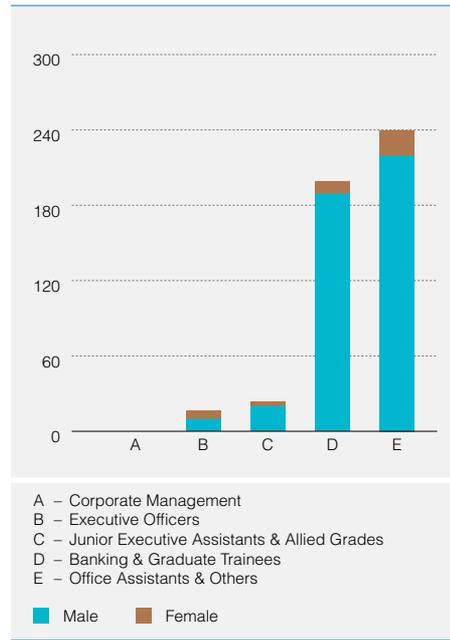
Over 120,000 hours of building a skilled team

Talent Acquisition

As an equal opportunity employer, we recruit employees based on objective criteria applied in a consistent manner to select the candidate best suited for the Bank’s business needs. The majority of our employees are recruited as Banking Trainees reaching positions of leadership through career progression. Whilst some specialised vacancies require mid-career recruitment, we seek to fill vacancies from our internal talent pool wherever possible. We also give preference to recruits from the countries we operate in and the majority of each team comprises nationals from the respective countries. A policy of secondment to other countries ensures that the Commercial Bank’s culture and values are integrated into our overseas operations as well. Orientation programmes for all new recruits also serve to ensure familiarisation with the organisation’s values, policies and procedures. The adjacent graphs (Graph 74 to 76) provides an analysis of new hires for 2015.

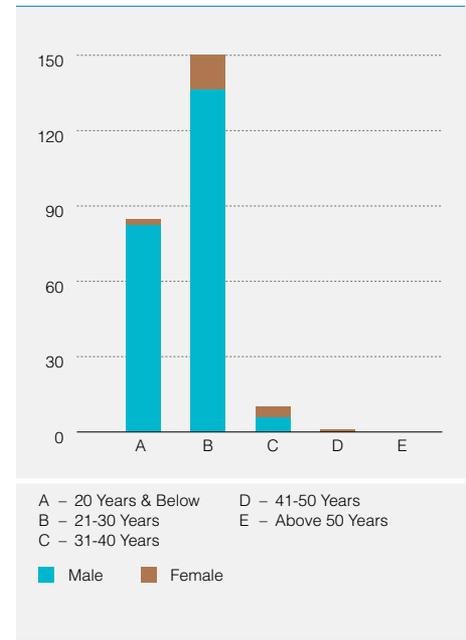
Talent Acquisition for 2015

New Hires by Employment Category & Gender Nos.



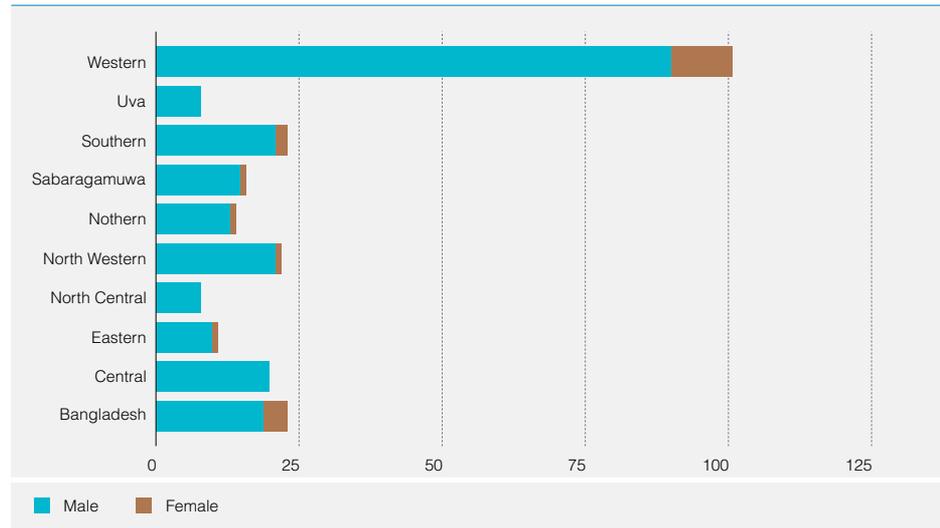
→ Graph – 74

New Hires by Age & Gender Nos.



→ Graph – 76

Geographical Analysis of New Hires by Gender Nos.



→ Graph – 75

Remuneration and Benefits

The Bank maintains an equitable remuneration structure that recognises the employee contributions and reward performance facilitating high levels of motivation and retention. Remuneration is made-up of guaranteed pay and performance based pay, incentivising high levels of productivity, and the fuller description of which appears in the section on ‘How We Govern’ on pages 26 to 58.

Guaranteed pay and benefits are determined with reference to periodic market surveys conducted in Sri Lanka and Bangladesh to identify trends in the banking and mercantile sectors. Further in Sri Lanka, collective agreements that cover specific employee categories in the industry are taken into consideration. Executive officers, including Executive Directors, receive incentives for performance exceeding mutually agreed benchmarks linked to the performance appraisal system which is keyed to a pre defined reward matrix. Employees who serve overseas as Business Promotion Officers receive remuneration linked to comparable roles in Sri Lanka supplemented by an allowance to cover additional expenses incurred abroad.

The Bank ensures that outsourced employees are remunerated according to the regulatory requirements including remittance of EPF and ETF contributions.

The full time employees recruited to the Bank receive the following benefits:

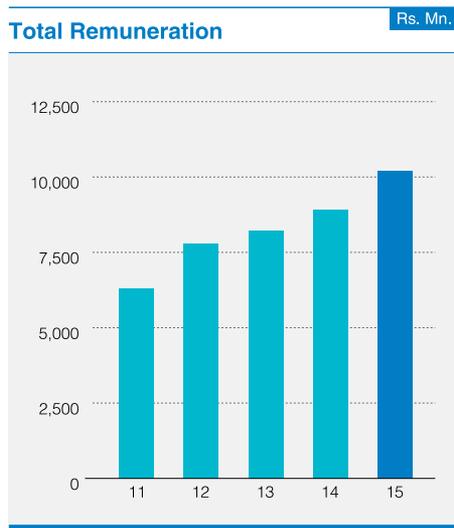
- Bonuses based on performance or decided on the collective bargaining agreement.
- Employee Share Option Scheme for Executive staff.
- Over time for work hours beyond stipulated work hours for non-executive staff.
- Fuel allowance, transport allowances, entertainment allowance and for certain staff categories the reimbursement of expenses incurred in performing official duties.
- Accommodation/house rent and/or subsidised transportation or special allowances for employees working at remote locations.
- Medical benefits including a special insurance coverage for critical illnesses and personal accident insurance scheme, spectacles, dentures and hearing aid allowance, annual health check-up for staff and spouse together with reimbursement of hospitalisation expenses and outdoor medical allowance.
- Financial support to employees who are having disabled children, in order to cover their routine medical expenses.
- Group life cover extended for permanent employees.
- Retirement benefits and commuted pension.

- Honorarium payment for employees who successfully complete banking studies at professional bodies recommended by the Bank and reimbursement of annual subscription of professional bodies.
- Staff loans at below-market interest rates.
- Holiday bungalows and holiday allowances.



We provide greater convenience to customers through understanding customer perspectives and nurturing excellent relationships

Niran De Costa
Assistant General Manager
Personal Banking II



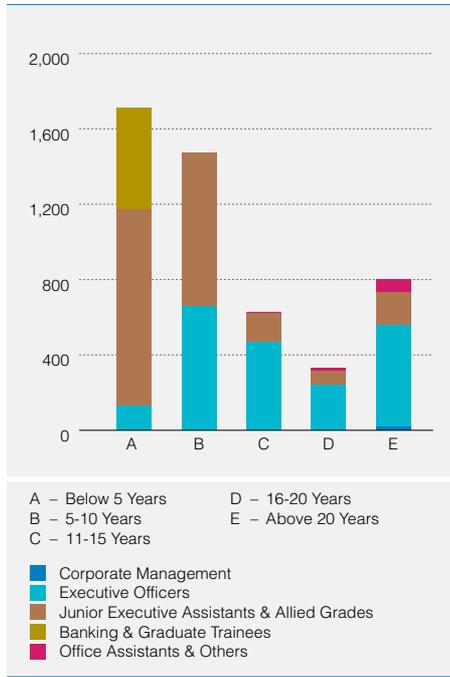
→ Graph – 77

Employee Retention

The Bank's track record of employee retention is enviable (Graph 78 and 80) and its success is attributed to a complex mix of culture, remuneration and benefits, training and development, high levels of employee engagement and a number of other factors.

Service Analysis of Employees by Term of Service & Category

Nos.

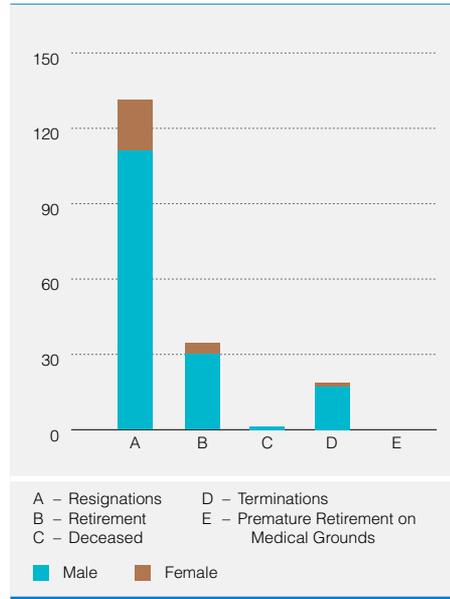


→ Graph - 78

Employment separation processes comply fully with the applicable labour laws of the countries in which we operate and reasons for exit are tracked and monitored. An analysis of employee exits during the year is given in adjacent graphs. (Graphs 79, 81 and 82) Attrition rates are highest in employees below 30 years of age as they mostly seek opportunities overseas as gathered from exit interviews conducted with all employees who resign.

Attrition Analysis by Reason & Gender

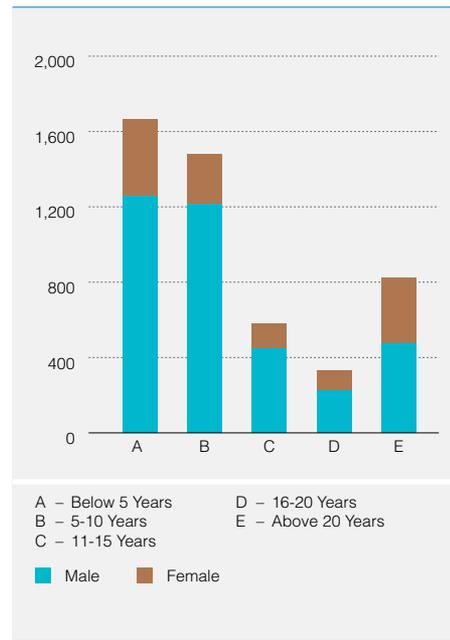
Nos.



→ Graph - 79

Service Analysis of Employees by Age Group & Gender

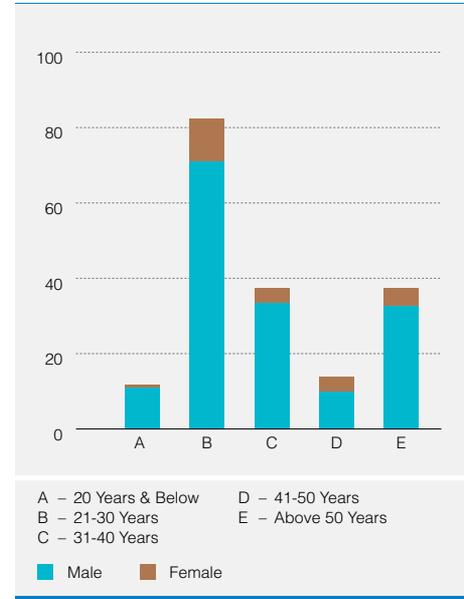
Nos.



→ Graph - 80

Attrition Analysis by Age & Gender

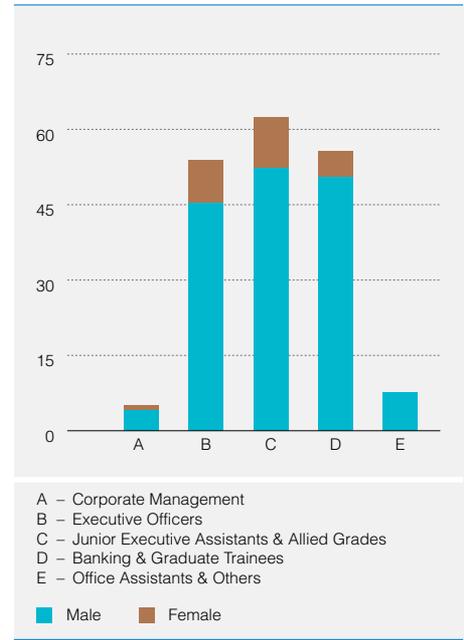
Nos.



→ Graph - 81

Attrition Analysis by Employment Category & Gender

Nos.



→ Graph - 82

Training and Development

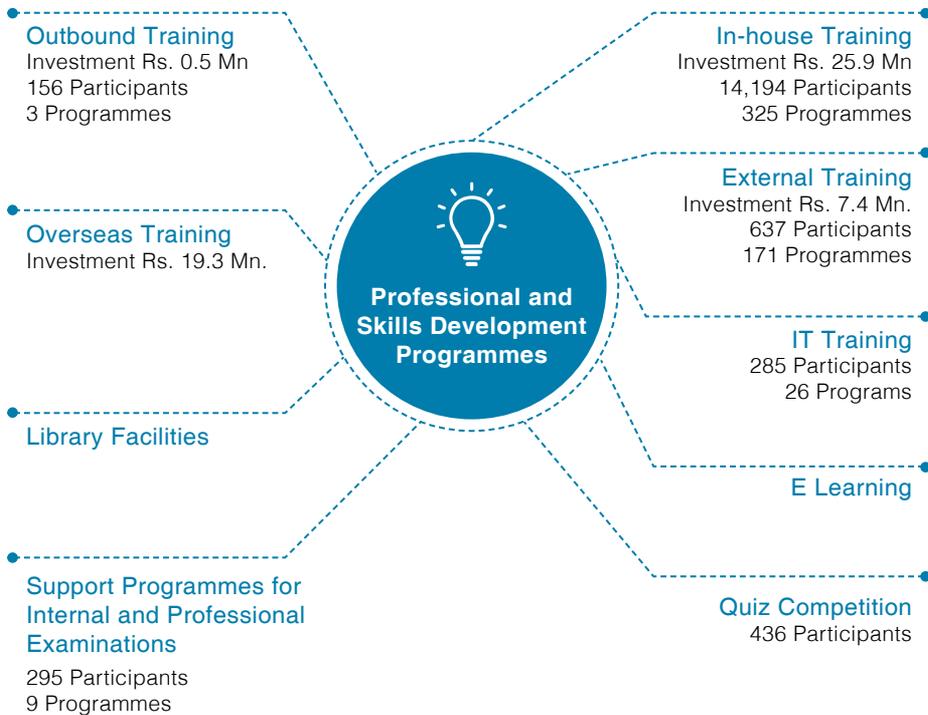
Our people are encouraged to continuously acquire knowledge, competencies and develop skills and to build attitudes that will add value to the Bank and to their personal life. A policy of giving preference to internal candidates and a transparent promotions process encourages both performance and self-development within the Bank which has a proven track record of producing leaders who are sought after by our peers in the Banking sector as well as other sectors. A culture of mentoring and learning provides valuable learning on the job at progressive levels of employment that cannot be monetised

but is a key component of our training and development value proposition. A Staff Development Centre (SDC) set-up for structured training caters to technical, leadership and soft skills training on a regular basis based on a training needs analysis that takes place alongside the performance evaluation process (Figure 32). Employee assessments based on written and oral examinations for promotions within non-executive and executive grades reinforces the need for continuous self-development. Based on the criticality of the respective purview of Key Management Personnel, the Bank arranges suitable executive coaching sessions with reputed overseas coaches.

Employees are provided the opportunity to participate in a wide range of programmes which include face-to-face training conducted internally or externally, e-learning, hands on IT training, outward bound training for team building and overseas training supplemented by library facilities and support programmes for professional examinations and postgraduate qualifications. Additionally, the Bank is an



*We focus on close monitoring of advances to **reduce delinquency and maximise recoveries** through ethical methods*



→ Figure – 32

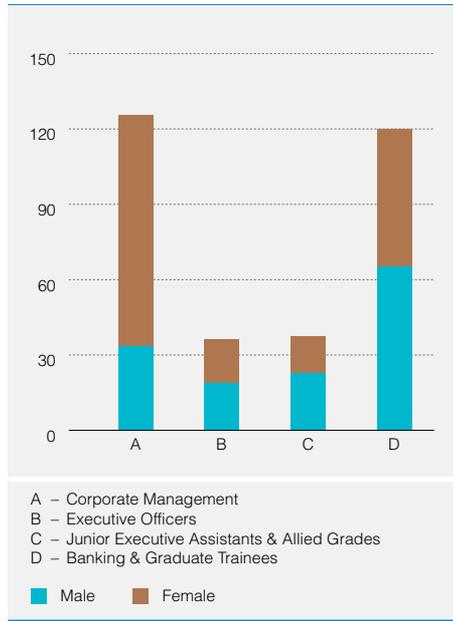
Priyantha De Silva
Assistant General Manager
Credit Supervision & Recoveries

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approved employer for professional bodies including The Institute of Chartered Accountants of Sri Lanka an affirmation of our high standards of training and development. Our investment in training is graphically analysed below (Graphs 83 to 86):

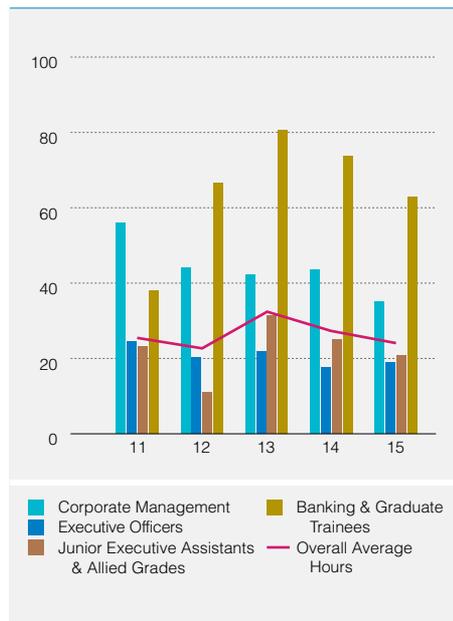
Talent Development

Average Training Hours by Employee Category and Gender



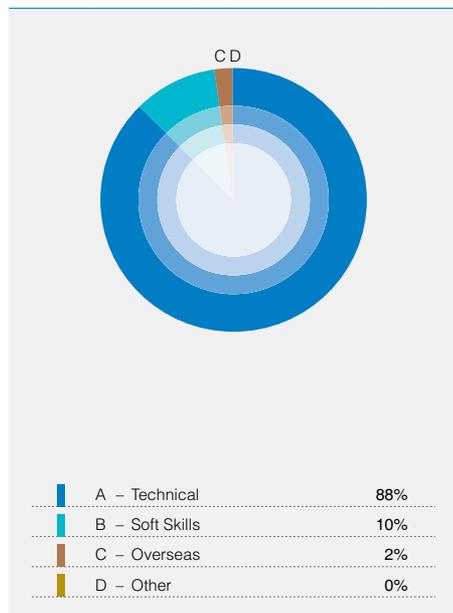
→ Graph – 83

Average Training Hours by Employee Category



→ Graph – 85

Training Hours by Type of Training



→ Graph – 84

Training Hours by Gender

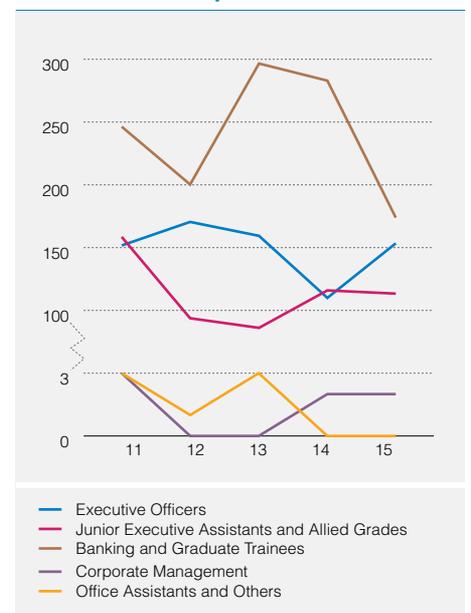


→ Graph – 86

Performance Evaluation

The Bank's performance evaluation process covers all employees and uses a combination of objective and subjective criteria which are mutually agreed by both the line manager and employee at the beginning of the year. It is a critical tool for effective employee engagement and development and is fully aligned to the business goals of the Bank. It serves to build and maintain a target driven culture which has served to spur our growth. Achievement of KPIs, job knowledge and experience, customer orientation, communication and interpersonal skills, creative thinking and special contributions made are some of the key aspects encapsulated into the performance evaluation. We achieve 100% coverage and also identify training needs in the process. Rewards are determined with reference to the grading achieved. During the year, we identified 268 persons for promotion through this process for vacancies that occurred during the year.

Promotions/Absorptions



→ Graph – 87

Opportunity and Diversity

The Bank provides its employees opportunities for development and career progression. As an equal opportunity employer, the opportunities are filled considering objective criteria irrespective of gender, age, race or religion. Several key indicators are measured to ensure that we progress towards our diversity goals within the business needs of the Bank which are set out in the Team Profile on page 196.

- Gender – We recognise that female representation in our team is lower than the female representation in the national labour force. The Bank’s need for transferability amongst its wide network of branches deter females when recruiting and later, in career progression. Cultural conventions present significant impediments to women and while we wish to provide every opportunity, business needs of the Bank remain paramount in selecting appropriate candidates for vacancies. However, upholding the principle of equality in remunerating our employees (Table 32), we are encouraged by the percentage of employees returning from maternity leave and those who remain in employment 12 months after returning to work as given in Table 33.

Return to Work and Retention Rate after Maternity Leave

	2015	2014	2013
Number of employees			
– Entitled for leave	1,240	1,226	1,180
– Availed leave	53	54	65
– Due to return	53	54	64
– Returned after leave	53	54	63
– Still remain in employment	54	63	64
Return to work (%)	100	100	98
Retention rate (%)	100	100	100

→ Table – 33

- Age – As we seek to nurture leaders from within, it is predictable that we have fewer recruits at senior management levels. It is also typical that leadership positions are held by seasoned professionals who have a well-rounded experience in numerous aspects of banking.
- Ethnicity – We have representation from all major ethnic groups in the country in our Corporate Management team and as we do not discriminate to maintain ratios, the result is a natural progression of recruitment from Bank’s talent pools.



Just like an orchestra, we attune ourselves to match the expectations of the customers, which lead to lasting relationships

B.A.H.S Preena
Assistant General Manager
Corporate Banking
→

Ratio of the Basis Salary and Remuneration

Employee Category	2015	2014	2013
Corporate Management	1:0.94	1:0.84	1:0.87
Executive Officers	1:1.09	1:0.93	1:1.98
Junior Executive Assistants & Allied Grades	1:1.10	1:0.91	1:0.85
Banking & Graduate Trainees	1:1.04	1:1.00	1:1.98

→ Table – 32

Great Place To Work

The HR policies are framed to ensure that employees have a conducive environment to reach high levels of performance and realise their potential. High levels of employee engagement, regular dialogue with the employee associations, a healthy work life balance and grievance handling mechanisms enable us to identify employee concerns and effectively address them.



Employee Engagement

Formal communication channels ensure that all employees are focussed on the vision, strategic goals and values of the Bank and are aware of significant changes in policies or governance structures through both written and electronic communications. All manuals including the Employee Code of Conduct and Business Ethics is available on the Intranet and also in hard copy for reference when required. Regular meetings within strategic business units also form a vital link in formal channels of communication.



Informal engagement is encouraged through recreational events that are organised at strategic business unit level, regional level and for the country entity as a whole. These events include annual trips for employee families where the Bank provides an allowance to all staff, celebration of festivals and sports tournaments where employees compete with friendly camaraderie. Employee participation levels at these events are high and the Bank makes a substantial contribution to subsidise the cost of these events.

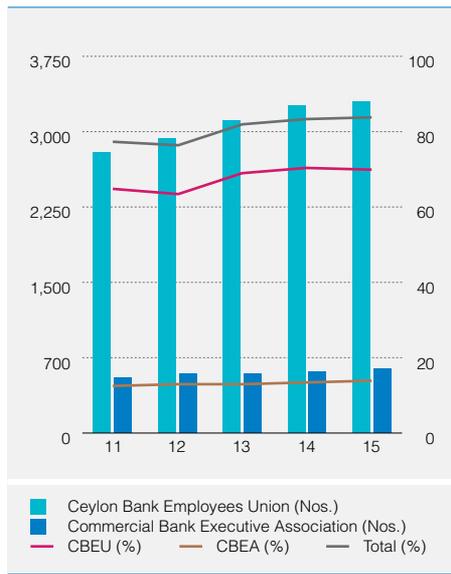


Industrial Relations

The Bank maintains healthy relationships with its employee associations, the Executive Association and the Ceylon Bank Employees Union having regular dialogue and giving due consideration when formulating the relevant policies and procedures, which have a mutual benefit to both the Bank and the employees. We ensure industrial harmony and encourage the resolution of disputes via a constructive process of negotiation.

Employees Participation in Trade Unions

Nos./%



→ Graph – 88

Type of Change	Minimum Notice Period
Collective Bargaining	36 weeks
Transfers	2 weeks
Terminations	4-12 weeks
Retirements	3-4 weeks
Dismissal	Immediate
Voluntary Resignation Schemes	As specified in scheme

→ Table – 34

Dignity, Health and Safety

Human Rights

All employees are treated with dignity and courtesy at the workplace nurturing a culture that has a high awareness of human rights and seeks to preserve appropriate values and practices in our operating environment. The Bank has pledged to uphold the ten the principals of the UN Global Compact and our employment practices reflect the standards hallowed in the Universal Declaration of Human Rights proclaimed by United Nations. These practices include minimum working age, child labour, working hours, elimination of any form of compulsory labour, health and safety in the work environment, procedures to eliminate sexual harassment and discrimination at workplace and collective bargaining principles.

Our Human Resource Department, business line heads, departmental heads and branch managers are made aware on their responsibility to uphold human rights at all times. They are expected to be vigilant and report promptly on any breach or violation in relation to human rights. The Bank’s Whistle-blower Charter also mandates all staff members to report on potential human rights violation. Violators are subject to prompt disciplinary action including the dismissal of any staff member(s) found guilty.

The Bank’s Inspection Department during the regular audits conducts periodic verifications to ensure that these human rights practices and procedures are being properly followed in line with the established policies. There have been no incidents of human rights violation reported during the year under review.

Health and Safety

The mental and physical well-being of our employees is a key priority for the Bank. All permanent employees are covered under a comprehensive medical insurance scheme for both in-house medical treatment and reimbursement of outside medical costs. Employees are

also entitled to claim expense of a full medical check-up upon reaching the age of forty years. We also refer employees who need counselling to suitable professional counsellors/institutions.

Our Bank branches are equipped with alarm systems, CCTV cameras and trained security personnel have been deployed to ensure the safety of our people and our clients. The Bank’s Security Department conducts various training programmes for our people including fire drills and responding to various threats and identified dedicated teams within each business/service units of the Bank to supplement its work and provides them with a comprehensive training on how to respond to emergencies such as fire, robberies and natural disasters. During the year under review there has been no significant health and safety issues reported.

Grievances

Our employees are encouraged to bring forward any grievances to ensure small problems from becoming big issues. The Bank has an open door policy when addressing urgent workplace issues to initiate immediate discussions. A “Speak Out” web-portal is monitored by the Human Resource Department where employees can air their concerns regarding workplace conditions, labour practices, potential violation of human rights, etc. Representative of the Human Resource Department also makes regular branch visits to address issues relating to their staff welfare.

Outsourcing Arrangements

The Bank ensures that all its service providers providing man power are conforming to the labour standards and are upholding best practices and human rights. This is included as a condition in every agreement entered with such service providers and Bank also obtains conformation with regard to remittance of employee provident fund and trust fund contributions.