

MATERIALITY MATTERS

The four pillars of Prudent Growth, Corporate Conscience, Winning Team and Operational Excellence build on our foundations, sound Corporate Governance and Risk Management. (Figure 4) Our plans for growth are ambitious and carefully crafted on principles of inclusive and responsible banking. Corporate conscience reflects our values and determines how we conduct business and engage with communities, shaping our culture and impacting the brand. Our team is the key differentiator, enabling us to compete effectively and seek new heights in performance. Operational excellence in all areas is key to delivering value to our stakeholders and ensuring that we are fit for the future.

Material Issues for 2016

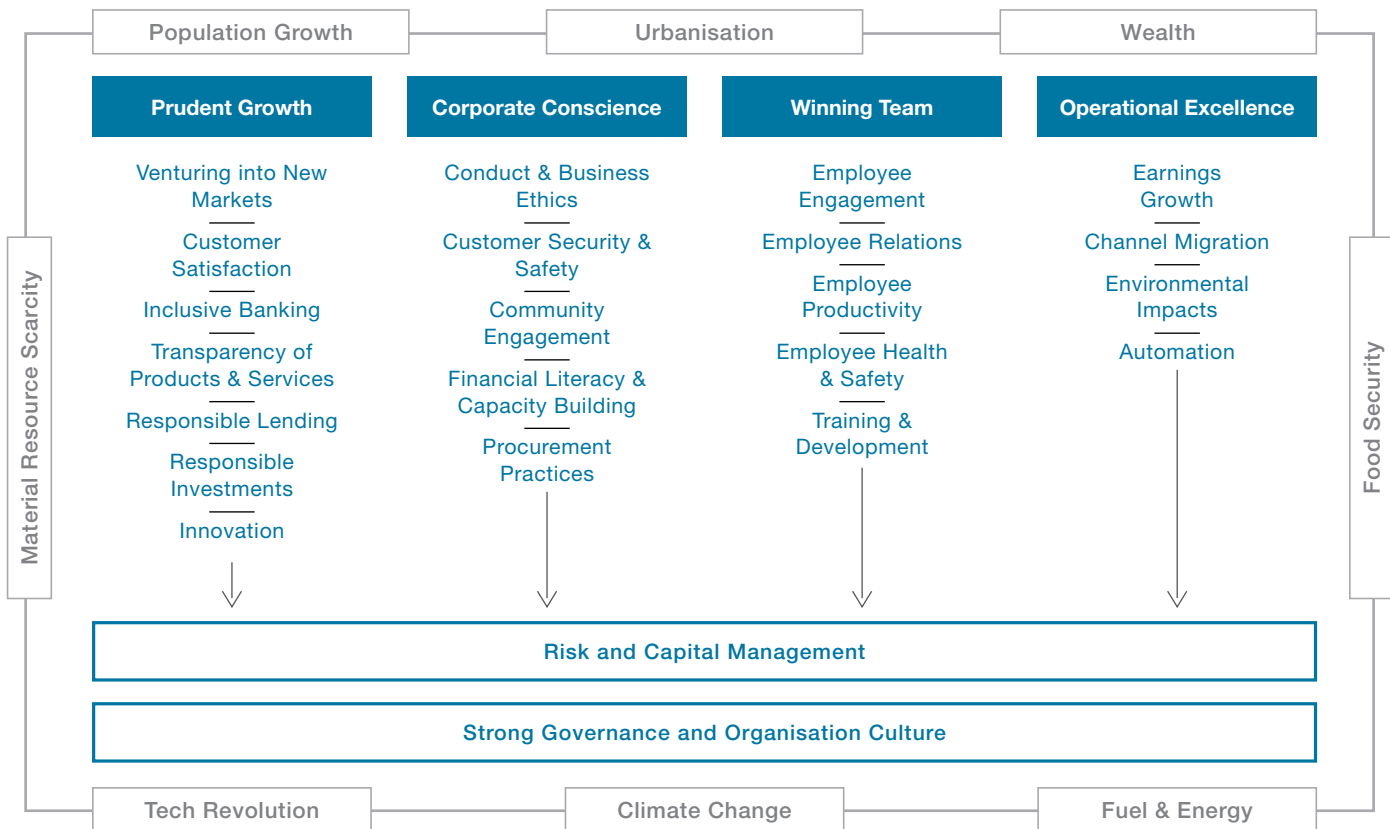


Figure 4

Our growth strategies are based on principles of sustainable growth and are primarily focused on understanding the customer aspirations and delivering value in a responsible manner through technologies that drive the lifestyles. Towards this end our lending and investment products are developed and marketed to support financial needs of our customers for their socio-economic progress.

Good governance, ethical practices and sound risk management policies,

applied across all four business verticals, make up the DNA of our success story. We are committed to adopting the best practices in these evolving areas to secure the sustainability of our business and safeguard our reputation.

In a service organisation the power of human mind will drive the organisation to new heights. We have a winning team functioning in a conducive environment that has aligned their aspirations with those of the organisation. Indeed, the organisation's strategies for growth rely on the motivation,

innovation, hard work and commitment of our people whom we seek to develop to increase our capacity for creating value.

Operational excellence is necessary to optimise our capacity to create value for our stakeholders forming the Fourth Pillar of our strategy. We continue to explore avenues for eliminating waste thereby streamlining operations to ensure that costs of services are curtailed and processes made more robust and efficient.

Our strategic planning process takes in to account the mega trends, (such as population growth, urbanisation etc.) as depicted in Figure 4 on page 32 shaping the industry which are monitored to identify new opportunities and emerging threats to sharpen focus on our future.

Material matters are identified through a critical evaluation of the Bank's value creation processes based on a structured corporate planning exercise and also through the issues identified via our stakeholder engagement processes (Figure 2 on page 30). Identified issues were then prioritised and matters for inclusion in this Report were determined bearing in mind their materiality as depicted in the following grid (Figure 5).

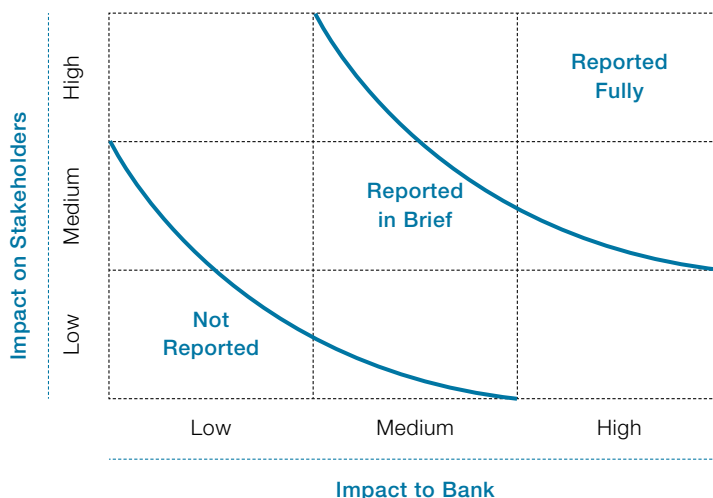
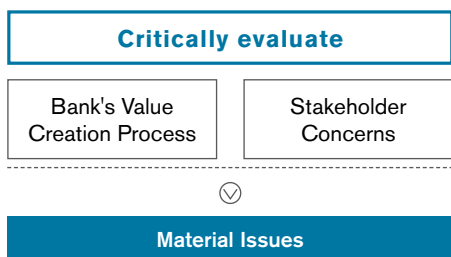


Figure 5



Material Issues identified are framed in terminology relevant to the Bank (Figure 4 on page 32) and mapped to the aspects of the GRI-G4 Guidelines and the UNGC Principles (Figure 6). Consequent to this reconciliation, there are issues that are not specifically included in the GRI G4 Guidelines which we have included as

material aspects. We also considered the mega trends impacting businesses globally and locally to appraise both the opportunities and risks they present to the Bank and these have been mapped around the material issues to complete the picture. The boundaries for material aspects and GRI Content Index are detailed in Annex III on page 414.

Mapping Material Issues to GRI Indicators and UNGC Principles

	Material Issues	Relevant GRI Indicator/Other Regulations	UNGC Principles
Prudent Growth	Venturing into New Markets	HR1	Principles 7-9
	Customer Satisfaction	PR5, SO11	
	Inclusive Banking	EC7, FS13, FS14	
	Transparency of Products and Services	PR3	
	Responsible Lending	FS1-5, FS7, FS8 CBSL Requirements	
	Responsible Investment	HR1	
	Innovation	Not covered in GRI	
Corporate Conscience	Conduct & Business Ethics	PR9, SO4-5, SO7-8, HR7, EN27	Principles 1,4-5,8
	Customer Security and Safety	PR1-3, PR6-9	
	Community Engagement	EC6, SO1-2, SO11	
	Financial Literacy & Capacity Building	EC8	
	Procurement Practices	EC9, EN32-33, LA14, SO9-10, HR5-6, HR10-11	
Winning Team	Employee Engagement	HR4	Principles 1-5 Principles 4-6 Principles 1-2
	Employee Relations	LA4, LA16, HR4	
	Employee Productivity	LA1-3, LA12-13, HR3, HR5-6	
	Employee Health & Safety	LA8	
	Training & Development	LA9-11	
Operational Excellence	Earnings Growth	EC1	Principles 7,9
	Channel Migration	Not covered in GRI	
	Environmental Impacts	EN6, EN23, EN27, EN32, FS9	
	Automation	Not covered in GRI	
Risk & Capital Management	FS6		
Strong Governance and Organisation Culture	SO3, SO5, SO8, PR9		Principles 10

Figure 6