

Composition of the Integrated Risk Management Committee

The Committee consists of three Non-Executive Directors, the Chief Executive Officer, Head of Group Risk, Head of Operational Risk, Head of Market Risk and Head of Strategic Risk (CFO). As at year-end Committee comprised of the following:

Mr D S P Wikramanayake (Chairman)
 Ms C Ekanayake
 Mr R Theagarajah
 Mr Faizan Ozman (CFO)
 Ms N Rayen (Head - Group Risk Management)
 Ms C Chandrapala (Head - Market Risk)
 Mr P Gamage (Head - Operational Risk)

Mr H D S Amarasuriya (Retired w.e.f. 30 November 2013)
 Mr N I R de Mel (Retired w.e.f. 23 August 2013)
 Mr S S Ganendran (Replaced by Mr Gamage w.e.f. 01 November 2013)

Charter of the Integrated Risk Management Committee

The Integrated Risk Management Committee was formed in June 2008 replacing the Risk & Credit Committee of the Board, in compliance with the Section 3 (6) of Direction No. 11 of 2007, on the subject 'Corporate Governance for Licensed Commercial Banks in Sri Lanka', issued by the Monetary Board of the Central Bank of Sri Lanka under the powers vested in the Monetary Board, in terms of the Banking Act No. 30 of 1988. The composition and the scope of work of the Committee are in conformity with the provisions of the said Direction.

The Charter of the IRMC was approved by the Board of Directors in May 2012 and reviewed by the Committee in May 2013. The names of Director members were reviewed and re-appointed in July 2013 in line with requirements of the Charter.

Meetings

The Committee held four meetings, on a quarterly basis, during the year under review to discuss the normal scope of work. The attendance of Committee Members at meetings is given under Corporate Governance Report on page 90 of the Annual Report.

The Committee also assesses all key risks of the Bank such as Credit, Market, Liquidity, Operational Risks and the Key Risk Indicators of the group companies on a monthly basis. Group companies covered are NDB Investment Bank, NDB Capital Holdings PLC, NDB Wealth Management Ltd., NDB Securities (Pvt) Ltd., NDB Capital Bangladesh and Maldives Finance Leasing Company.

The discussions and conclusions reached at the meeting are recorded in minutes and circulated to the Board of Directors for their information and necessary action.

Key members of the staff participate at the meetings as appropriate.

Scope of Duties

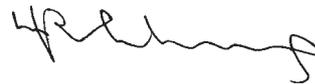
The main responsibility of the Committee is to assess risks faced by the Bank covering mainly credit, market, liquidity, operational and strategy. In fulfilling its duties, the Committee covers the following areas:

- Review the quality of the portfolio on a business line basis, product, groups, sectors, trends in NPL, capital adequacy and stress tests on capital adequacy.
- Review performance of the Bank in line with the agreed Risk Appetite
- Review adequacy of impairment in line with LKAS 39 and approve the charge/release for the period
- Review liquidity position, impact on market volatility, performance of equity portfolio, country exposures
- Review progress on Operational Risk Roll-out throughout the organization
- Review of Business Continuity Plans
- Assess adequacy and effectiveness of all Executive Credit Committees, Policy Committees on Credit, Market and Operational Risk & ALCO
- Compliance with the local laws and regulations etc.
- Propose appropriate corrective action to mitigate specific risks in case such risks are beyond prudent levels agreed upon based on internal and regulatory requirements.
- Review and approve the new products developed prior to roll out
- Review and approve Policies relating to the risk categories

A risk assessment report is submitted to the Board of Directors on a quarterly basis, within one week of the Committee meeting.

Appreciation

The Committee wishes to convey its gratitude to former Chairman, Mr H D S Amarasuriya and former CEO Mr N I R de Mel for their valuable contributions to the Committee over the years.



Sarath Wikramanayake

Chairman - Board Integrated Risk Management Committee

13 February 2014