

Board Nominations Committee Report

Composition of the Nominations Committee

The Board appointed Nominations Committee comprised of four (4) Board members and the Chairman of the Committee is an Independent Director as set out below and the Chief Executive Officer (CEO) has been present at meetings only if invited by the Committee. As at 31 December 2015 the Committee comprised of the following:

Name of the Board Sub Committee Member	Directorship Status	Membership Status
N G Wickremeratne	Independent	C
A K Pathirage	Non-Independent	M
T L F Jayasekera	Independent	M
Mrs. K Fernando	Independent	M
R Theagarajah	Non-Independent	I

C – Chairman, M – Member, I – by invitation

Charter of the Nominations Committee

The Nominations Committee was formed in compliance with Section 3 (6) of Direction No. 11 of 2007, '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 Nominations Committee was approved by the Board of Directors and is reviewed annually. As part of the annual review process, the Committee reviewed the Charter in December 2015 and there were no material changes made.

The Committee carries out the following duties and responsibilities:

1. Implements procedures to select/ appoint new Directors, CEO and Key Management Personnel (KMPs).
2. Considers and recommends the re-election of current Directors, taking into account the performance and contribution made by the Director/s concerned towards the overall discharge of the Board's responsibilities.
3. Sets out the criteria such as qualifications, experience and key attributes required for eligibility to be considered for appointment or promotion to the post of CEO and the KMPs.
4. Ensures that Directors, CEO and KMPs are fit and proper persons to hold office as specified in the criteria given in Direction 3 (3) and as set out in the Banking Act Direction No. 11 of 2007 on Corporate Governance for Licensed Commercial Banks.
5. Sets the criteria such as qualifications, experience and key attributes required for eligibility to be considered for appointment to select/appoint fit and proper persons as the Nominee Directors to the Boards of the Bank's Group companies.
6. Considers and recommends from time to time, the requirements of additional/new expertise and the succession arrangements for retiring Directors and KMPs.

Committee Guiding Principles

The Committee is entrusted with identifying individuals that may become members of the Boards of National Development Bank PLC and its Group companies.

The process of identifying appropriate individuals is carried out by the Committee by assessing the experience, skills, expertise and competencies of the individuals being considered to be so nominated through the Board approved procedure for selection and appointment of Directors. Such procedure envisages the Board carrying out an assessment of the identified candidates against the needs of the Board/s, and the relevant regulatory requirements and applicable statutes so as to determine the fit and proper nature of the Directors to be so appointed, if and when a vacancy exists and at such times the Committee considers appropriate.

Committee Meetings

The Committee met six (6) times during the year under review, and the attendance of Committee members at meetings is stated in the table on page 135 of the Annual Report. The quorum for a meeting is three (3) members.

The proceedings of the Committee meetings have been regularly reported to the Board of Directors.

Methodology used by the Committee

The Committee meets as and when necessary in order to assess the suitability of individuals for appointments as Directors and KMPs in the manner aforementioned as well as to conduct such other affairs which the Charter of the Committee mandates the Committee to carry out.

Summary of Activities

During the year, the Committee reviewed the skills, expertise and experience of four new Directors and

recommended the said appointments to the Board of Directors of NDB.

Additionally the Committee recommended to the Board the re-election of Directors retiring by rotation and offering themselves for re-election at the Annual General Meeting having reviewed the fitness and propriety of the Directors.

The appointment of three Key Management Personnel (KMPs) to the Bank was reviewed and recommended by the Committee to fill identified vacancies and gaps in the management/organisation structure. The Committee further reviewed extensions of service of KMPs and job descriptions and selection criteria for KMPs in 2015. The Committee also considered the fitness and propriety of continuing KMPs and reviewed and recommended the interim succession plan of the Bank.

The Committee further reviewed the appointments of five (5) Directors to subsidiaries of NDB and recommended the extension of service of a KMP/ Director of a subsidiary of the Bank.

Appreciation

The Committee wishes to convey its sincere gratitude to former Chairman S G Wijesinha and former members S Rajapakse and H A Siriwardena for their valuable contribution to the Committee over the years.



N G Wickremeratne
Chairman

Nominations Committee

12 February 2016
Colombo