

BOARD RELATED PARTY TRANSACTIONS REVIEW COMMITTEE REPORT



Composition of the Committee

Board Related Party Transactions Review Committee (the BRPTRC) comprised following Executive and Independent Non-Executive Directors (as stipulated by the Code of Best Practices on related party transactions issued by the Securities and Exchange Commission of Sri Lanka), whose profiles are given on pages 25 to 27.

Mr K G D D Dheerasinghe* (Chairman)
 Mr J Durairatnam (Managing Director/CEO)
 Mr S Swarnajothi* (Director)
 Mr S Renganathan
 (Director/Chief Operating Officer)
 Mr L D Niyangoda* (Director)
 Justice K Sripavan* (Director)
 Appointed with effect from April 28, 2017

*Independent Non-Executive Director

Secretary to the Committee

Mr L W P Indrajith
 (Assistant General Manager – Finance)

Meetings

Name	Eligible to attend/Attended
Mr K G D D Dheerasinghe	4/4
Mr J Durairatnam	4/4
Mr S Swarnajothi	4/4
Mr S Renganathan	4/4
Mr L D Niyangoda	4/4
Justice K Sripavan	2/2

The Committee held four (4) meetings during the year under review. The proceedings of the Committee meetings which mainly included activities under its Terms of Reference were regularly reported to the Board of Directors.



This year Related Party Transactions Policy was further reviewed and updated.

Charter of the Committee

This Committee was formed by the Board at the end of 2014 to assist the Board in reviewing all related party transactions carried out by the Bank and its listed companies in the Group by early adopting the Code of Best Practice on Related Party Transactions (RPT) as issued by the Securities and Exchange Commission of Sri Lanka (SEC) which became mandatory from January 1, 2016.

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

- Developing, updating and recommending for adoption by the Board of Directors of the Bank and its listed subsidiaries, a RPT Policy consistent with that proposed by the SEC.
- Updating the Board of Directors on the RPT of each of the listed companies of the Group on a quarterly basis.
- Advising the Board in making immediate market disclosures on applicable RPT as required by Section 9 of the Continuing Listing Requirements of the CSE.
- Advising the Board in making appropriate disclosures on RPT in the Annual Report as required by Section 9 of the Continuing Listing Requirements of the CSE.
- Monitoring compliance with the Code of Best Practices on Related Party Transactions issued by the SEC.

Methodology adopted by the Committee

- Monitoring the systems in place to obtain declarations from all Directors (at the time of joining the Board and annually thereafter) informing the Company Secretary, the primary contact point for Directors, of any existing or potential RPT carried out by them or their Close Family Members (CFM) or any changes to the position already disclosed.

- Monitoring the systems in place to obtain confirmations on any new appointments accepted by Directors of the Bank in other entities as KMP informing the Company Secretary to identify and capture such transactions carried out by the Bank with such entities which need to be disclosed under "Directors Interest in Contracts with the Bank" in the Annual Report.
- Monitoring the systems in place to capture and feed relevant information on RPT which also includes information on KMP and CFM into the Bank's data collection system and the accuracy of such information.

Activities in 2017

During 2017, the RPT Policy was further reviewed and updated. The amended Policy was submitted to the Board and the approval of the Board of Directors was obtained in December 2017. Arrangements are being made to disseminate the amended RPT Policy among relevant stakeholders, to keep them informed of the applicable regulatory requirements relating to the reporting of RPT.

Further, the composition of the BRPTRC was reconstituted to comprise only Non-Executive Directors effective from January 2018 in line with the requirements of the Code of Best Practice on Corporate Governance issued by the ICASL which was issued in December 2017.

K G D D Dheerasinghe
 Chairman – Board Related Party Transactions Review Committee

Colombo
 February 23, 2018