



REMUNERATION POLICY OF SEYLAN BANK PLC

1. Objective

The Remuneration Policy of Seylan Bank PLC aims to establish a formal and transparent procedure for determining remuneration, salaries, allowances, incentives and other financial benefits to Directors, the CEO, the Key Management Personnel and all other employees of the Bank. The Policy aims for good corporate governance as well as sustained and long-term value creation for shareholders and ensures that the Bank's overall remuneration policy and practices are linked to the short term and long term strategic direction of the Bank.

2. The Board Human Resources and Remuneration Committee (BHRRC)

The Human Resources and Remuneration Committee of the Board has been established with the objective of assisting the Board of Directors in fulfilling their role and responsibilities involving human resources and remuneration of the directors, key management personnel and all other employees of the Bank.

The Remuneration Policy is a framework for the Board Human Resources and Remuneration Committee to carry out its' responsibilities in accordance with the guidelines and directions provided in the Banking Act Direction No. 11 of 2007 on Corporate Governance of the Central Bank of Sri Lanka and the Code of Best Practice on Corporate Governance issued jointly by the Securities and Exchange Commission of Sri Lanka and the Institute of Chartered Accountants of Sri Lanka.

3. Remuneration of the Chairman and the Board of Directors

The Board Human Resources and Remuneration Committee decides and recommends the remuneration, fees, allowances, benefits and perquisites to be offered to the Executive Director/s and Non-executive Directors including the Non-executive Chairman

3.1 Special payments and/or benefits to Directors

Special payments and/or benefits (if any) to the Executive Director/s upon their resignation or retirement and/or to any Non-executive Director/s upon their retirement shall be determined and recommended by the Board Human Resources and Remuneration Committee and the Board of Directors and shall be subject to the prior approval of the Shareholders at a General Meeting of the Bank.

4. Remuneration of the Chief Executive Officer, Management and other Staff members

The remuneration, perquisites and benefits applicable to the Director/Chief Executive Officer (DIR/CEO), Key Management Personnel (KMPs) are aligned with the actual performance and market compensation levels. In the case of current KMPs, the remuneration offered shall be and reviewed and recommended based on performance by the DIR/CEO and submitted to the Board Human Resources and Remuneration Committee to be reviewed and recommended to the Board of Directors.

In the case of new recruitments to KMP positions, the remuneration offered shall be negotiated and recommended by the DIR/CEO and submitted to the Board Human Resources and Remuneration Committee to be reviewed and recommended to the Board of Directors.

4.1 Senior Management (Other than KMPs)

The remuneration offered to current Management Staff shall be reviewed and recommended based on performance by the respective Head of Department and/or DIR/CEO.

In case of new recruits to the management positions, the remuneration offered to shall be negotiated and recommended by the DIR/CEO.

4.2 Senior Managers, Managers, Assistant Managers, Executives and other staff

The Policy applies to the staff members in the grades of Senior Managers and below. Remuneration, incentives, benefits and perquisites offered to them are covered under the collective agreement. However the Management shall refer policy matters pertaining to remuneration of these staff members to the Human Resources and Remuneration Committee for approval.

5. Remuneration Structure

Remuneration of all staff members inclusive of the Key Management Personnel comprises the following components.

- a. Basic Salary
- b. One months fixed bonus and Performance based Bonus scheme to staff members in the grades of Chief Manager and above.
- c. The Bank may pay Annual bonus equivalent to two (2) months basic salary as determined by the bank each year, based on profits made during the year to the staff members in the grades of Senior Manager and below and Performance based Bonus scheme may be extended to all staff members in a phased out basis.

In addition to the above the Bank may declare Performance Bonuses schemes time to time based on the SBUs'/ Branches' KPI achievement

- d. Following benefits linked to the grade/positions held,
 - i. Incentives
 - ii. Commission
 - iii. Allowances
 - iv. Reimbursements
 - a. Personal
 - b. Official
 - v. Loan Schemes
 - vi. Insurance Covers

6. Revision and Increments

The Bank shall conduct Industry Salary Surveys or Study External Remuneration Surveys and make recommendations to the Board of Directors through the Human Resources and Remuneration

Committee on overall salary reviews/adjustments of the Bank staff in every 2-3 years in line with the industry practice.

7. Special remuneration arrangements

7.1 Sign On, Retention and Termination Payments

Any other payments for the purpose of sign on, retention or termination of staff members which are not set out in the employment contracts must be reviewed by the Human Resources and Remuneration Committee and approved by the Board of Directors, before being agreed upon.

End

01.10.2024