

BOARD INVESTMENT COMMITTEE REPORT



Composition of the Committee

Board Investment Committee (the BIC) consists of the following members whose profiles are given on pages 25 to 27.

Mr K G D D Dheerasinghe* (Chairman)
 Mr J Durairatnam (Managing Director/CEO)
 Mr S Renganathan
 (Director/Chief Operating Officer)
 Mr K Dharmasiri* (Director)
 Mr G S Jadeja (Director)

*Independent Non-Executive Director

Regular Attendees by Invitation:

Mr K D N Buddhipala (Chief Financial Officer)
 Mr K A P Perera (Head of Global Markets)
 Mr A N P Sooriyaarachchi
 (Assistant General Manager –
 Corporate and Investment Banking)
 Mr S K K Hettihamu (Chief Risk Officer)

Secretary to the Committee

Mr A Wijesiriwardane (Head of Global Treasury)

Meetings

Name	Eligible to attend/Attended
Mr K G D D Dheerasinghe	12/12
Mr J Durairatnam	12/12
Mr S Renganathan	12/12
Mr K Dharmasiri	12/12
Mr G S Jadeja	12/09

The Committee meets once a month.



Our investments have mainly been in Government Securities and debt instruments with strategy focused on maintaining liquidity.

Charter of the Committee

The Committee is responsible for the investment-related decisions of the Bank. Hence the Committee will oversee investment activities by providing assistance and guidance, evaluate strategic relevance and financial viability of various investment proposals, monitoring, the Bank's various investment activities, in accordance with investment policies of the Bank.

Within this framework, the Committee performs the following duties:

- Approve investment proposals, borrowings and execution of agreements.
- Review existing investment portfolio performance, monitor adherence to investment policies and decisions of the Investment Committee.
- Review and recommend significant investment decisions to be undertaken by the Bank to the Board of Directors.
- Review, amend and approve investment policies and operational parameters relating to investments of the Bank.

Methodology Adopted by the Committee

The Committee meets monthly and reviews progress of strategic and significant investments, liquidity situation of the Bank, market developments and the country's economic outlook. The Committee also reviews the monthly performance of Treasury and Investment Banking Division, where the interest rate risk, repricing risk and other market risks are discussed.

The Committee also from time to time would issue instructions to executive officers of the Bank on investment-related activities.

Activities in 2017

- Borrowing of Foreign Currency under repurchase agreement against Sri Lanka Sovereign Bonds held by the Bank.
- Investment in long and medium-term Sri Lanka Government Debt.
- Adoption of hedge accounting by the Bank and partial hedging of floating rate USD borrowing cost against increasing LIBOR through interest rate swaps.
- Medium-term FCY borrowing up to USD 200.0 Mn. from various counterparties.

K G D D Dheerasinghe
 Chairman – Board Investment Committee

Colombo
 February 23, 2018