

# Governance

The governance framework of Central Bank is designed to ensure effective oversight, accountability, and sound management of its operations. Central Bank functions under a Twin Board System comprising the Governing Board and the Monetary Policy Board, each established to fulfil distinct statutory responsibilities.

## Governing Board

The Governing Board is responsible for supervising the administration and management of the Bank's affairs, excluding matters related to monetary policy. The Board is chaired by the Governor and consists of six appointed members with professional expertise in Economics, Banking, Finance, Accounting and Auditing, Law, and Risk Management.

Governing Board's responsibilities include setting general policies, formulating corporate strategy, approving budgets and financial statements, enforcing internal controls, and overseeing risk management frameworks.

## Monetary Policy Board

The Monetary Policy Board formulates the Bank's monetary policy and oversees its implementation, including the flexible exchange rate regime aligned with the flexible inflation targeting framework. Chaired by the Governor, the Board comprises Governing Board members, two external experts in Economics or Finance, and two Deputy Governors responsible for price stability and financial system stability.

Through this structure, Central Bank ensures transparency, accountability, and the maintenance of stability.

## Appointments and Tenure

The Governor, Governing Board members and expert members of the Monetary Policy Board (appointed members) are appointed by the President on the recommendation of the Minister of Finance and with the approval of the Constitutional Council established under Article 41A of the Constitution. Except for the Governor, all other appointed members serve as non executive members.

The Governor and appointed members serve a six year term, renewable subject to a maximum cumulative tenure of twelve years.

## Governing Board – Composition

- Dr. Nandalal Weerasinghe – Governor (Chairperson)
- Mr. Nihal Fonseka – Appointed Member
- Dr. Ravindra Ratnayake – Appointed Member
- Mr. Anushka Wijesinha – Appointed Member
- Mr. Visvanathamoorthy Govindasamy – Appointed Member
- Mr. Manil Jayasinghe – Appointed Member
- Mr. Maithri Wickremesinghe – Appointed Member
  - *Secretary: Mrs. Dimuthu Samaratinga – Assistant Governor*

## Monetary Policy Board – Composition

- Dr. Nandalal Weerasinghe – Governor (Chairperson)
- Mr. Nihal Fonseka – Appointed Member

- Dr. Ravindra Ratnayake – Appointed Member
- Mr. Anushka Wijesinha – Appointed Member
- Mr. Visvanathamoorthy Govindasamy – Appointed Member
- Mr. Manil Jayesinghe – Appointed Member
- Mr. Maithri Wickremesinghe – Appointed Member
- Dr. (Ms.) Dushni Weerakoon – Appointed Member (Expert)
- Prof. Priyanga Dunusinghe – Appointed Member (Expert)
- Dr. Chandranath Amarasekara – Member (DG in charge of price stability)
- Mr. Sirikumara Kudagama – Member (DG in charge of financial system stability)
  - *Secretary: Mrs. Dimuthu Samaratinga – Assistant Governor*

## Board Meetings

The Governing Board meets at least once each month, while the Monetary Policy Board convenes at least once every two months. Meetings may be called by the Chairperson or upon written request by two members.

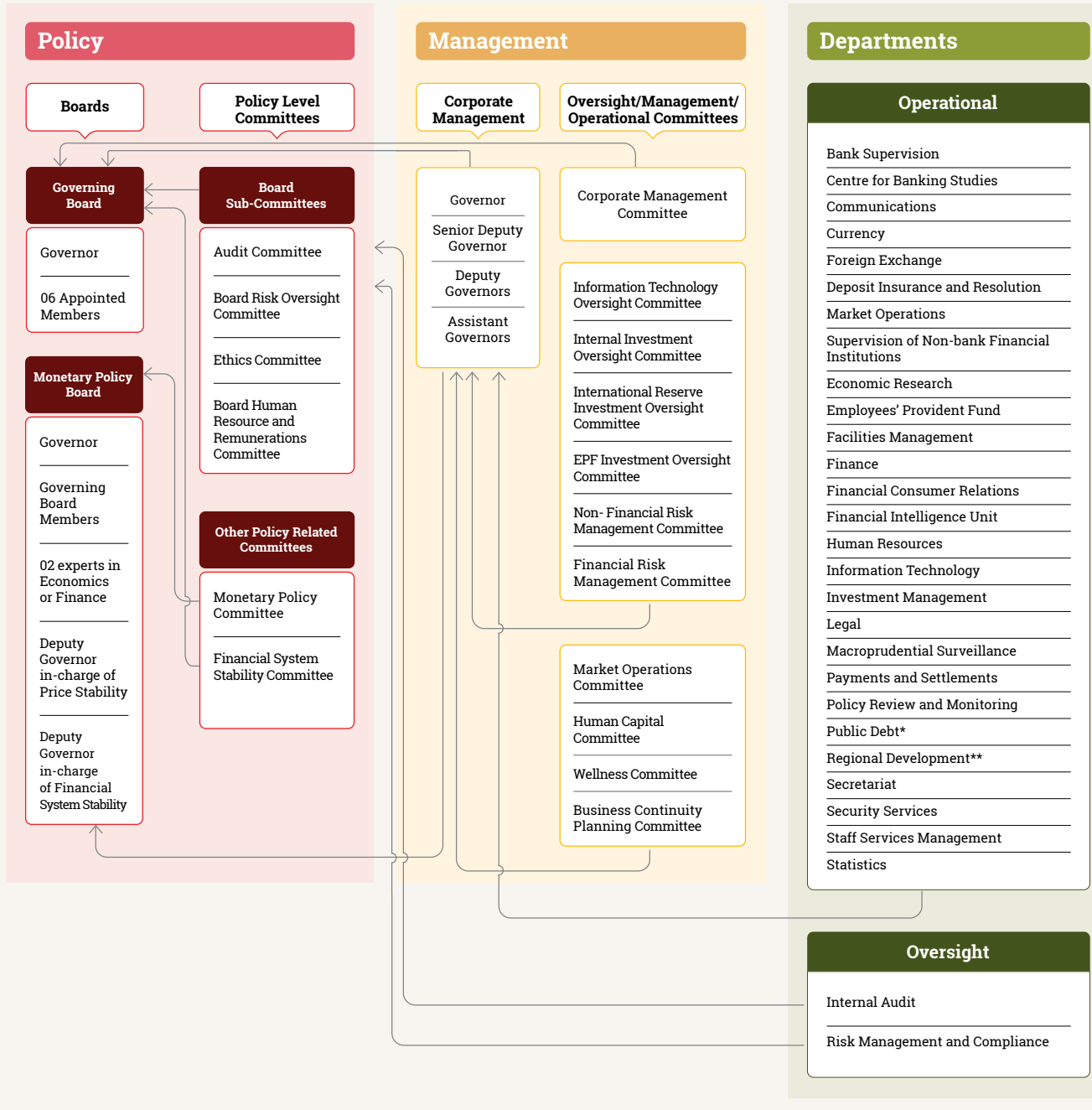
A quorum requires five members for the Governing Board and eight members for the Monetary Policy Board, (including the Governor or the Deputy Governor responsible for price stability).

Following each meeting, the Monetary Policy Board publishes its policy decisions accompanied by analyses of recent economic developments and the economic outlook.

Governance

Governance Structure of the Central Bank as at 31 December 2025

Figure - 16



\* Operations of the Public Debt Department (PDD) wound up on 31 December 2025, full responsibility of operations of Public Debt Management was assumed by Public Debt Management Office w.e.f 01 January 2026.

\*\* Regional Development Department (RDD) was renamed as the Department of Financial Inclusion (DFI), w.e.f. 01 January 2026

## Governance

### Board Sub-Committees

To strengthen governance and ensure comprehensive oversight, Central Bank operates several specialised committees under the Governing Board. These include:

- Audit Committee
- Board Risk Oversight Committee
- Board Human Resource and Remunerations Committee
- Ethics Committee

### Other Policy Related Committees

The Central Bank has also established committees dedicated to analysing economic conditions and the financial system advising on core policy issues, including:

- Monetary Policy Committee
- Financial System Stability Committee

### Oversight, Management and Operational Committees

Oversight and management committees support the implementation of policies and oversee operational matters. They include:

- Corporate Management Committee
- Information Technology Oversight Committee
- Investment Oversight Committees
  - Internal Investment Oversight Committee
  - International Reserve Investment Oversight Committee
  - EPF Investment Oversight Committee
- Non Financial Risk Management Committee
- Financial Risk Management Committee

### Operational Committees

- Market Operations Committee
- Human Capital Committee
- Wellness Committee
- Business Continuity Planning Committee

### National Level Committees

The Central Bank also contributes to key national committees that promote monetary and financial sector developments including:

- Council for the coordination of Fiscal, monetary and financial stability
- Financial Sector Oversight Committee
- Crisis Management Committee
- National Financial Inclusion Council
- National Payment Council
- AML/CFT National Coordinating Committee
- Stakeholder Committee for Implementation of Sustainable Finance Roadmap

### Code of Conduct

The Central Bank's Code of Conduct promotes integrity, professionalism, and ethical behaviour among Board members and employees. It mandates adherence to high ethical standards, avoidance and disclosure of conflicts of interest, strict confidentiality of sensitive information, and full compliance with laws, regulations, and internal policies.

### Whistleblowing Framework

A dedicated whistleblowing mechanism supports transparency and accountability by enabling employees to confidentially report misconduct or unethical behaviour. Whistleblowers acting in good faith are protected from retaliation, and all reports are subject to impartial investigation and appropriate corrective action.

### Data Governance

The Central Bank gives high priority to safeguarding the accuracy, security, and reliability of its data. The data governance framework includes robust policies on data management, protection against unauthorised access or breaches, and strict role based access controls to ensure secure handling of sensitive information.

## Board Sub-Committees

### Audit Committee (AC)

#### Purpose and Task

Ensure transparency and accountability when providing advice and guidance in a structured and systematic manner. Oversee internal audit function, financial statement integrity, engagement with external auditors, evaluation of internal controls including whistleblowing, compliance, and fraud reporting and monitor compliance with internal audit recommendations and evaluate the effectiveness of the risk management structure as per Section 103 of the Central Bank of Sri Lanka Act No. 16 of 2023.

#### Composition

**Mr. Manil Jayasinghe**  
Chairperson

**Dr. Ravindra Ratnayake**  
Member

**Mr. Maithri Wickremesinghe**  
Member

### Board Risk Oversight Committee (BROC)

#### Purpose and Task

Oversee the implementation of an enterprise-wide risk management framework and compliance functions of the Central Bank through a formal delegation from the Governing Board. BROC is responsible for setting broad strategies and policies ensuring a dedicated focus on risk management and compliance following internationally accepted standards and guidelines in line with risk governance framework of Central Bank.

#### Composition

**Mr. Nihal Fonseka**  
Chairperson

**Mr. Trevine Jayasekara**  
External Member

**Mr. Ranel Wijesinha**  
External Member

### Ethics Committee (EC)

#### Purpose and Task

Act as an advisory and oversight body to ensure that Central Bank's policies, decisions, and operations align with ethical principles, regulatory requirements, and best governance practices underpinning the requirements under Sections 22 and 25 of the Central Bank of Sri Lanka Act No. 16 of 2023.

#### Composition

**Mr. Anushka Wijesinha**  
Chairperson

**Dr. Ravindra Ratnayake**  
Member

**Mr. Amal Cabraal**  
External Member

**All Deputy Governors**

### Board Human Resource and Remunerations Committee (BHRRC)

#### Purpose and Task

Advise and make recommendations to the Governing Board on the remuneration framework of Central Bank that are aligned with Bank's strategic objectives, promote accountability, as well as attract, retain, and motivate high-caliber talent

#### Composition

**Mr. Nihal Fonseka**  
Chairperson

**Mr. Visvanathamoorthy Govindasamy**  
Member

**Mr. Manil Jayasinghe**  
Member

**Mr. Chandrasiri Hewapattini**  
External Member

## Governance

### Other Policy Related Committees

#### Monetary Policy Committee (MPC)

##### Purpose and Task

Evaluate macroeconomic developments and projections and make recommendations on appropriate future directions of monetary policy for the consideration of the Monetary Policy Board.

##### Composition

Governor (Chairperson), all DGs, AGs in-charge and Heads of Departments of Economic Research, Statistics, and Market Operations and the Additional Director of Economic Research overseeing the Money and Banking Division.

#### Financial System Stability Committee (FSSC)

##### Purpose and Task

The main role of the FSSC is to assess financial system stability related aspects highlighted by members and other stakeholders and monitor risks in the financial system and make recommendations to the Governing Board to mitigate such risks based on technical inputs provided by members.

##### Composition

DG in-charge of Financial System Stability (Chairperson), DG in-charge of Macroprudential Surveillance (the Deputy Chairman), DG in-charge of Price Stability, AGs in charge of Macroprudential Surveillance Department, Bank Supervision Department, Department for Supervision of Non-Bank Financial Institutions, Economic Research Department, Deposit Insurance and Resolution Department, Payments and Settlements Department and Directors of all above departments.

### Oversight/Management/Operational Committees

#### Corporate Management Committee (CMC)

##### Purpose and Task

Make recommendations to the GB on the policy proposals that have an impact on the Bank's human capital competitiveness and sustainability and solve issues relating to corporate support functions. GB has delegated its authority to CMC to make certain decisions.

##### Composition

Governor (Chairperson)  
All DGs and AGs

#### Information Technology Oversight Committee (ITOC)

##### Purpose and Task

Provide strategic direction and alignment of Bank's ICT framework with the organisation goals and review and recommend ICT policies and procedures to GB.

##### Composition

DG in-charge of IT (Chairperson)  
All AGs, Director Information Technology

#### Investment Oversight Committees (IOCs)

##### Purpose and Task

Ensure adherence to investment guidelines while making broad investment decisions; provide inputs to formulate and review investment policies, and guidelines; translate the strategic decisions of the GB into operational directives; oversee investment activities carried out by fund management departments; approve new issuers/counterparties and monitor investment performance, risk, and compliance; recommend necessary deviations from policies and guidelines, particularly in unavoidable circumstances.

##### Composition

DG in-charge of relevant Departments (Chairperson), AG in-charge of the respective departments, and AGG as outlined in the investment policy statements  
Non-voting Members: heads of relevant departments and Chief Risk Officer

#### Non-Financial Risk Management Committee (NFRMC)

##### Purpose and Task

Ensure an appropriate framework for Operational and Compliance risk management for Central Bank is in place, and to oversee whether Operational and Compliance risk management process is carried out in line with GB approved policies, procedures and guidelines.

##### Composition

SDG/DG appointed by the GB (Chairperson), SDG, DGs and AGs, Director Risk Management & Compliance/Chief Risk Officer, Chief Compliance officer

## Governance

### Financial Risk Management Committee (FRMC)

#### Purpose and Task

Oversee and ensure that market, credit, liquidity, and other risks affecting Central Bank financial stability remain within the approved risk appetites.

#### Composition

DG overseeing the Finance Department (Chairperson), DGs in charge of Domestic Price Stability and Financial System Stability, all AGs in charge of departments under Domestic Price Stability cluster and Financial System Stability cluster, and the AG in charge of Finance Department.

Non-voting members: Director of Economic Research, Market Operations, Investment Management, Risk Management & Compliance/Chief Risk Officer, Chief Accountant and Chief Internal Auditor.

### Market Operations Committee (MOC)

#### Purpose and Task

Manage rupee liquidity in the interbank money market to maintain the Average Weighted Call Money Rate (AWCMR) at a desired level consistent with the monetary policy stance and make recommendations daily on appropriate domestic foreign exchange market operations in line with the flexible exchange rate regime.

#### Composition

DG in charge of Price Stability (Chairperson), AG in-charge of Economic Research (Deputy Chairperson), AG in-charge of Market Operations Department and Heads of Departments of Economic Research and Market Operations Department.

### Human Capital Committee (HCC)

#### Purpose and Task

Provide advice, strategic directions and focus to strengthen to Bank's human capital imperatives and make recommendations to the CMC.

#### Composition

DG in-charge of human resources (Chairperson), AG in-charge of Human Resources, (Deputy Chairperson), Chief Human Resources Officer, Director of Human Resource Strategies Revamping Project, Heads of Departments of Human Resources, Centre for Banking Studies, Policy Review and Monitoring, Staff Services Management, Risk Management, Communications, Secretary of the Bank and four non-permanent members representing the clusters appointed by relevant AGs.

### Wellness Committee

#### Purpose and Task

Ensure a safe and healthy workplace by proactively addressing safety concerns and upholding the well-being of the staff.

#### Composition

DG in-Charge of Staff Services Management (Chairperson)  
Heads of the Department of Staff Services Management, Facilities Management, Secretariat, Security Services, Human Resources (including Chief Human Resources Officer), Centre for Banking Studies, Policy Review and Monitoring, Risk Management, and Legal.

### Business Continuity Planning Committee

#### Purpose and Task

Ensure the continuity of critical Central Bank operations by strengthening preparedness, enhancing institutional resilience, and coordinating timely responses to disruptive events. The Committee is responsible for overseeing business continuity planning, monitoring emerging risks to operational stability, and ensuring that the Central Bank maintains the capacity to operate effectively under adverse conditions.

#### Composition

DG in-Charge of Payment and Settlements (Chairperson)  
Heads of the Departments of Payment and Settlement Systems, Information Technology, Facilities Management, Security Services, Human Resources, Finance, Public Debt and Currency.

# Board Members



**Governance > Board Members**



As at 31 December 2025

## Governance &gt; Board Members

**Nandalal Weerasinghe**

Governor/Chief Executive Officer

PhD in Economics, Australian National University, Australia

MSc in Economics, Australian National University, Australia

B.Sc., University of Kelaniya, Sri Lanka

**Current Positions at Central Bank:**

- Chairperson – Governing Board
- Chairperson – Monetary Policy Board
- Designated Officer – The Central Bank of Sri Lanka (Under Right to Information Act No. 12 of 2016)

**Anushka Wijesinha**

Board Member

Masters in Economics, University of Leeds, United Kingdom

BSc. in Economics, University College London, United Kingdom

**Current Positions at Central Bank:**

- Appointed Member – Governing Board
- Appointed Member – Monetary Policy Board
- Chairperson – Ethics Committee

**Nihal Fonseka**

Board Member

BSc., University of Ceylon, Colombo, Sri Lanka

Fellow, Chartered Institute of Bankers, United Kingdom (FCIB)

Honorary Fellow, Chartered Institute of Securities and Investments, United Kingdom (FCSI)

**Current Positions at Central Bank:**

- Appointed Member – Governing Board
- Appointed Member – Monetary Policy Board
- Chairperson – Board Risk Oversight Committee
- Chairperson – Board Human Resource and Remunerations Committee

**Visvanathamoorthy Govindasamy**

Board Member

MBA and BSc in Electrical Engineering, University of Hartford, USA

Fellow member, the Institute of Certified Professional Managers, Sri Lanka

**Current Positions at Central Bank:**

- Appointed Member – Governing Board
- Appointed Member – Monetary Policy Board
- Member – Board Human Resource and Remunerations Committee

**Ravindra Ratnayake**

Board Member

PhD in Economics, La Trobe University, Australia

Post Graduate Diploma in Economic Development, University of Colombo, Sri Lanka

B.A (Honours in Economics), University of Peradeniya, Sri Lanka

**Current Positions at Central Bank:**

- Appointed Member – Governing Board
- Appointed Member – Monetary Policy Board
- Member – Audit Committee
- Member – Ethics Committee

**Manil Jayesinghe**

Board Member

Fellow Member, Institute of Chartered Accountants of Sri Lanka

Fellow Member, Chartered Institute of Management Accountants (UK)

Fellow Member, Certified Management Accountants of Sri Lanka

Member, Chartered Institute of Public Finance and Accountancy

**Current Positions at Central Bank:**

- Appointed Member – Governing Board
- Appointed Member – Monetary Policy Board
- Chairperson – Audit Committee
- Member – Board Human Resource & Remunerations Committee

## Governance &gt; Board Members



**Maithri  
Wickremesinghe**  
Board Member

President's Counsel  
Fellow Member, Chartered Institute  
of Management Accountants (UK)  
LLB (Hons), University of Colombo

**Current Positions at Central Bank:**

- Appointed Member – Governing Board
- Appointed Member – Monetary Policy Board
- Member – Audit Committee



**Chandranath  
Amarasekara**  
Deputy Governor

PhD in Economics, University of  
Manchester, United Kingdom  
MSc in Economics, University of  
Manchester, United Kingdom  
B.A. in Economics, University of  
Peradeniya

**Current Positions at Central Bank:**

- Member – Monetary Policy Board
- Member – Ethics committee



**Dushni Weerakoon**  
Board Member

PhD in Economics, University of  
Manchester, United Kingdom  
MA in Economics, University of  
Manchester, United Kingdom  
BSc in Economics, Queen's University  
of Belfast, United Kingdom

**Current Positions at Central Bank:**

- Appointed Member – Monetary Policy Board



**Sirikumara Kudagama**  
Deputy Governor

LL.M, Monash University, Australia  
LL.M, University of Colombo  
LL.B, University of Colombo

**Current Positions at Central Bank:**

- Member – Monetary Policy Board
- Member – Ethics committee



**Priyanga Dunusinghe**  
Board Member

Professor in Economics, Department  
of Economics, University of Colombo

**Current Positions at Central Bank:**

- Appointed Member – Monetary Policy Board

# Corporate Management



Governance > Corporate Management



**Anuradha Dilrukshini**  
Assistant Governor

**Dimuthu Samaratunga**  
Assistant Governor

**Enoka Mohotty**  
Assistant Governor

**Nelumani Daulagala**  
Senior Deputy Governor

**Sirikumara Kudagama**  
Deputy Governor

As at 31 December 2025

# Principal Officers

## Heads of Departments



**Sudath Prasanna**

Director, Foreign Exchange

**Yasantha Weerasinghe**

Superintendent of Currency

**Inoka Wickramasinghe**

Director, Legal

**Vasantha Alwis**

Director, Payments and Settlements

**Ashoka Peiris**

Director, Security Services

**Chanoori Jayasinghe**

Director, Supervision of Non-Bank Financial Institutions

**Sujeetha Jagajeevan**

Director, Economic Research

**Nihal Liyanage**

Superintendent of Employees' Provident Fund

**Samudra Jayasundera**

Director, Policy Review and Monitoring

**Hemantha Ekanayake**

Director, Communication

**Kithsiri Ehelepola**

Director, Statistics

**Prabath Gamage**

Director, Human Resources

**Davina Kern**

Chief Human Resources Officer

**Manjula Priyankara**

Director, Staff Services Management

**Ajani Liyanapatabendi**

Director, Financial Consumer Relations

**Sumila Wanaguru**

Director, Investment Management

## Governance &gt; Principal Officers

**Mahinda Fernando**

Director, Risk Management  
and Compliance

**Priyantha Herath**

Director, Information  
Technology

**Saman Nanayakkara**

Chief Compliance  
Officer

**Menaka Jayawardena**

Director, Centre for  
Banking Studies

**Chathura Ariyadasa**

Director, Regional  
Development

**Dilani Karunaratne**

Director, Deposit  
Insurance and Resolution

**Raja Dayananda**

Secretary

**Sisira Vitharana**

Director, Facilities  
Management

**Kalhari Mayadunna**

Chief Internal Auditor

**Priyantha Thilakaweera**

Director, Macprudential  
Surveillance

**Anil Perera**

Director, Market  
Operations Department

**Sanjee Balasuriya**

Chief Information  
Security Officer

**Lasanthi Sirimanne**

Chief Accountant

**Rukshana De Silva Jayatillake**

Director, Bank Supervision

**Subhani Keerthiratne**

Director, Financial  
Intelligence Unit

As at 31 December 2025

## Governance &gt; Principal Officers

## Additional Heads of Departments



**Sureka Ketawala**  
Additional Director, Bank Supervision



**Lasantha Siriwardane**  
Additional Superintendent, Employees' Provident Fund



**Lasitha Pathberiya**  
Additional Director, Economic Research



**Sunanda Obeysekera**  
Additional Director, Payments and Settlements



**Udayanthi Tennakoon**  
Additional Secretary, Secretariate Department



**Chandrika Rajapakse**  
Additional Superintendent of Employees' Provident Fund



**Dilhan De Silva**  
Additional Superintendent of Currency



**Lankapathi Sritharan**  
Additional Director, Macprudential Surveillance



**Ayesh Ariyasinghe**  
Additional Director, Financial Intelligence Unit



**Induni Ekanayake**  
Additional Director, Centre for Banking Studies



**Chathura Gamage**  
Additional Director, Information Technology



**Priyanka Weerasekara**  
Additional Secretary, Secretariate Department



**Erandi Weerasinghe**  
Additional Director, Supervision of Non-Bank Financial Institutions



**Maneesha Wimalasuriya**  
Additional Director, Payments and Settlements



**Sisira Jayasekara**  
Additional Chief Accountant

## Governance &gt; Principal Officers



**Vipula Wickramarachchi**  
Additional Director, Economic Research



**Nishantha Jayaweera**  
Additional Director, Investment Management



**Malkanthi Warakagoda**  
Additional Director, Human Resources



**Nayana Perera**  
Additional Superintendent of Employees' Provident Fund



**Manel Damayanthi**  
Additional Superintendent of Currency



**Shan Kurincheedaran**  
Additional Director, Supervision of Non-Bank Financial Institutions



**Pavithri Vithanage**  
Additional Director, Legal



**Dilini Wilathgamuwa**  
Additional Director, Legal



**Erandi Liyanage**  
Additional Secretary, Secretariate Department



**Pradeepa Kumari**  
Additional Director, Bank Supervision



**Nirodha Mallikarachchi**  
Additional Director, Human Resources

# Audit Committee Report

**The Audit Committee continued to provide structured oversight and guidance to the Governing Board and Management of Central Bank, reinforcing the effectiveness of governance, risk management, compliance, internal controls, and financial reporting.**

## 1. Role of the Audit Committee

In terms of Section 103(4) of the CBA, the powers, duties and functions of the Audit Committee shall include (a) overseeing the internal audit function; (b) monitoring compliance with the findings and recommendations issued by the Chief Internal Auditor; (c) meeting with the auditors to discuss their findings; and (d) reviewing with the auditors the annual financial statements. In terms of Section 103(6) of the CBA, the Governing Board shall define the composition, and powers, duties and functions of the Audit Committee in the Audit Charter of the Central Bank. This legal foundation provides the Audit Committee with the autonomy and oversight authority reinforcing the Central Bank's commitment to governance, risk management, compliance and inevitably the financial accountability in alignment with international best practices to ensure internal control mechanisms operate effectively, while promoting regulatory compliance, and public confidence in the Central Bank's operations.

The Audit Committee during the year 2025, comprised with the following appointed members of the Governing Board.

- i. **Mr. Manil Jayesinghe** – Chairperson
- ii. **Dr. Ravindra Ratnayake** – Member
- iii. **Mr. Rajeev Amarasuriya** – Member (till 27 June 2025)
- iv. **Mr. Maithri Wickremesinghe** – Member (w.e.f. 23 October 2025)

The Secretary to the Governing Board serves as the Secretary to the Audit Committee, while the Chief Internal Auditor serves as the Assistant Secretary. A representative of the Auditor General attends all Audit Committee meetings in the capacity of an observer.

Committee Members and Meeting Attendance

	Eligible to attend/ Attended
<b>Mr. Manil Jayesinghe</b> Chairperson	13/13
<b>Dr. Ravindra Ratnayake</b> Member	13/13
<b>Mr. Rajeev Amarasuriya</b> Member	08/05
<b>Mr. Maithri Wickremesinghe</b> Member	02/02

## 2. Audit Charter of the Central Bank

Audit Charter of the Central Bank, which is approved by the Governing Board, defines the composition, authority, powers, duties, and functions of the Audit Committee, ensuring its effective operation in accordance with international best practices on governance. The Charter provides a structured, systematic framework for independent oversight of governance, compliance, risk management, internal control environment of the operations of the bank and financial reporting.

In fulfilling its mandate, the Audit Committee is empowered with unrestricted access to required and relevant records, data, management personnel, and audit reports to ensure effective discharge of its duties. The Charter also grants the Committee the authority to engage independent counsel and other advisory services whenever necessary, facilitating with the objective decision-making and informed governance.

Additionally, the Audit Committee acts as a vital liaison between the Governing Board and internal auditors, external auditors, other assurance providers, ensuring that audit processes are conducted efficiently, findings are addressed promptly, and governance structures remain resilient to emerging risks. The Committee is further empowered to resolve disagreements between management and external auditors on financial reporting matters, ensuring that financial statements present a true and fair view in accordance with applicable accounting standards. The Audit Charter also establishes procedural guidelines for the functioning of the Audit Committee, including its composition, quorum, meeting frequency, agenda-setting, reporting obligations and evaluating its performance.

The Committee is required to report to the Governing Board once in every four months, summarising its activities, key decisions, and recommendations, as well as management's progress in implementing audit recommendations. This structured reporting mechanism ensures continuous oversight and accountability, reinforcing the Central Bank's financial and operational resilience.

## Governance &gt; Audit Committee Report

### 3. Activities Performed by the Audit Committee

#### 3.1. Oversight on Internal Audit Function

The Audit Committee reviewed,

- i. and approved the Internal Audit Charter,
- ii. and recommended Risk-Based Annual Audit Plan for the year 2026 and reviewed the progress of the Risk-Based Annual Audit Plan 2025,
- iii. the progress of audits conducted by Internal Audit Department (IAD) on quarterly basis,
- iv. the implementation status of Internal Audit recommendations provided to process owners on quarterly basis,
- v. the Periodic Self-Assessment Report and the Report on Ongoing Monitoring of Internal Audit Function for the year 2024,
- vi. and recommended the Action Plan 2026 of IAD,
- vii. the Departmental budget of IAD for the year 2026,
- viii. the Annual Code of Ethics and Conflict of Interest Declaration of IAD,
- ix. the results of the annual Internal Audit Client Feedback Survey.

#### 3.2. Review on Financial Statements and External Audit

Audit Committee reviewed,

- i. the progress of the annual statutory audit for the financial year 2024 and the Audit Plan for the financial year 2025 of the External Auditor,
- ii. the Financial Statements of the Central Bank for the year ended 31 December 2024,
- iii. the Determination of Distributable Profit of the Central Bank for the financial year 31 December 2024,

- iv. the Interim Management Letter and the Final Management Letter submitted by External Auditor appointed by the Auditor General relating to the audit of the Financial Statements of the Central Bank for the year ended 31 December 2024 and the comments of the Central Bank management,
- v. the Progress of the Implementation Status of the actions taken on External Audit observations for the financial year 2023,
- vi. the Draft Report of the Auditor General on the affairs of the Central Bank including Financial Statements for the year ended 31 December 2024 and the responses of the Central Bank,
- vii. the Progress of the Implementation Status of the actions taken on the Report of the Auditor General on the affairs of the Central Bank including Financial Statements for the year ended 31 December 2023,
- viii. the Financial Statements of six superannuation funds of the Central Bank as at 31 December 2024,
- ix. the Financial Statements of the Sri Lanka Deposit Insurance Scheme for the year ended 31 December 2024,
- x. the Financial Statements of the Financial Stability Fund for the three months ended 31 December 2024,
- xi. the Financial Statements of the Employees' Provident Fund (EPF) for the year ended 31 December 2024,
- xii. the Report of the Auditor General on the Financial Statements of the EPF for the year ended 31 December 2024 and relevant responses,
- xiii. the Adoption of new Accounting Standards, Accounting Policies reviewing process and the new Expected Credit Loss Model of the Central Bank.

#### 3.3. Review of Other Activities

Audit Committee reviewed,

- i. the Audit Charter of the Central Bank,
- ii. the Information and Cybersecurity posture of the Central Bank,
- iii. the various high-level policies of the bank and provided its views to the Governing Board for its considerations,
- iv. the implementation status of its own decisions given to departments, committees and management of the Central Bank to ensure timely implementation,
- v. the Central Bank Budget, Budgetary Performance and Financial Performance.

During 2026, the Audit Committee reviewed the financial statements of the Central Bank of Sri Lanka, EPF, the Sri Lanka Deposit Insurance Scheme, and the Financial Stability Fund for the year ended 31 December 2025.

In addition, the Committee reviewed the Interim Management Letter submitted by the External Auditor, appointed by the Auditor General, in respect of the financial statements of the Central Bank of Sri Lanka for the year ended 31 December 2025.

Furthermore, the Audit Committee conducted a self-evaluation of its activities carried out in 2025, in early 2026.

# Risk Management and Compliance

## Risk Management

Operating in an environment tensed with various risks, it is imperative that Central Bank follows a comprehensive risk management framework designed to mitigate financial and non-financial risk that could undermine the Bank's objectives or reputation. Built on stipulations outlined in its Risk Management Policy Statement (RMPS), this framework aligns Central Bank with global standards and best practices, leading to structured risk ownership and accountability across various stakeholders, enabling proactive mitigation strategies for all operational levels.

The Board Risk Oversight Committee (BROC), oversees the overall risk management and compliance function through a formal delegation from the Governing Board (GB), while reviewing emerging risk trends impacting Central Bank.

In 2025, Central Bank further progressed towards strengthening its Enterprise-wide Risk Management (ERM) practices as part of its broader institutional reform agenda through the implementation of a Risk Appetite Framework (RAF) which represents the top-down approach to risk management, formally articulating the level and types of risks the Bank is willing to accept in pursuit of its strategic objectives. A key milestone was the introduction of the Central Bank's first Risk Appetite Statement (RAS) on operational risk defining acceptable risk levels and enabling clearer alignment between its mandate and strategic priorities.

Further, the Central Bank established the Balance Sheet Risk Assessment Framework (BS-RAF), to ensure the effective and prudent management of balance sheet risks to support policy decisions. Accordingly, the Financial Risk Management Committee (FRMC), was established in 2025, under the BS-RAF to oversee financial risks related to Central Bank's balance sheet to provide timely recommendations to the GB.

## Operational Risk

The Central Bank employs a bottom-up Risk Control Self-Assessment (RCSA) approach in line with global

best practices, reinforcing the role of individual departments as first line risk owners. These department level risk assessments are critical in ensuring that risks are identified, assessed, and managed at the point of origin.

The Incident Reporting System further strengthens this framework by enabling tracking of incidents and the corrective actions implemented in response. Information captured through this process contributes to the development of a centralised risk repository. RCSAs and incident reporting enhance the Central Bank's ability to proactively manage risks and strengthen the overall control environment.

## Financial Risk

The implementation of the Central Bank's policy mandates, particularly in relation to international reserve management, domestic market liquidity operations and financial stability inevitably gives rise to market and credit risk. Against this backdrop, central banks worldwide have increasingly emphasised robust financial risk management frameworks and strong capital policies. Accordingly, with the establishment of the BS-RAF, the Central Bank has further enhanced its overall risk management framework, continued to conduct stress testing of its balance sheet to forecast the trajectory of its equity position under different scenarios, and regularly reported the outcomes to the FRMC, BROC and GB.

During 2025, the fund management activities of International Reserves, Internal Investment Funds including Deposit Insurance and Resolution Department Fund and Employees' Provident Fund were reviewed on a regular basis.

In line with the established governance and oversight arrangements, any material financial and operational risk exposures were promptly reported to respective Investment Oversight Committees/Non-Financial Risk Management Committee respectively and escalated to GB through BROC.

## Compliance Function

The Central Bank compliance framework ensures adherence to applicable legal, regulatory, and international standards. While all departments are responsible for identifying, mitigating, and reporting compliance risks arising from their respective functions through established mechanisms, the compliance unit provides independent oversight of compliance risk management across the institution. This includes reviewing and evaluating compliance issues, assessing their severity, and escalating significant matters to relevant Committees and following up the commendations.

In addition, the Central Bank enforces stringent Anti-Money Laundering and Combating the Financing of Terrorism requirements in relation to its international reserve management activities. This involves applying Know Your Customer and Customer Due Diligence measures for all foreign counter-parties, in line with applicable legislative and regulatory frameworks.

## Information and Cyber Security Risk

The Information and Cyber Security Unit (ICSU) was established in 2025 within the Central Bank's risk management framework as a second-line function. The ICSU is responsible for strengthening cyber resilience across the Central Bank through governance, policy direction, compliance oversight, and monitoring of information and cyber security risk management practices.

Operating independently of first-line functions, the ICSU oversees information and cyber security risk identification, assessment, and mitigation across all departments. While individual departments, as first-line risk owners, are responsible for identifying and reporting risks at the source, the ICSU ensures consistency in risk assessment, promotes adherence to international information security standards, and oversees the implementation of corrective actions to maintain a robust cyber risk posture, with outcomes regularly reported to the NFRMC, BROC, and GB.

# Internal Audit

The Internal Audit (IA) provides independent, risk-based, and objective assurance, advice, insight and foresight to create, protect and sustain the values of the Central Bank and assists the Bank to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management, and control processes. While functioning as the third line of the Risk Management Framework, IA provides future-focused recommendations to add value and improve the operations of the Central Bank. The Chief Internal Auditor (CIA), Head of IA, reports functionally to the Audit Committee and administratively to the Governor, to ensure the independence of the IA function of the Central Bank. The significance of the IA function is duly acknowledged in Section 102 of the CBA, which defines the appointment and the removal of CIA, while ensuring the unrestricted access to information by CIA to uphold the governance, independence and objectivity of the function.

In line with the Section 102 (5) of CBA, the scope, authority, terms and conditions of IA including independence, organisational position, reporting responsibilities together with the roles and responsibilities of CIA have been defined in the Governing Board approved Audit Charter of the Central Bank.

Further, in 2025 IA adopted the new Global Internal Audit Standards (GIAS) of the Institute of Internal Auditors (IIA), reinforcing its longstanding commitment to compliance with IIA standards, which were adopted since 2009.

## Conduct of Audits

During the year 2025, the Risk-Based Annual Audit Plan was executed ensuring the coverage of critical functions of the Bank and provided audit recommendations to improve the Bank's operations to achieve its strategic objectives covering policy, compliance, operational, information and cyber

security, legal and other related risk areas. Further, risk related information sharing between IA function and risk management function of the Bank was continued during the year.

## Reporting Audit progress and Conduct Follow-ups on Implementation Status of the Audit Recommendations

The progress of the audit assignments conducted during the year, and progress of the implementation of the audit recommendations were reported to the Audit Committee during the year. Further, the progress of the implementation of the Audit Committee's decisions and the actions taken on the observations of the External Auditor which were highlighted in their Management Letter, were also periodically reported to the AC.

## Preparation of the Risk-Based Annual Audit Plan

IA continued to use the value chain approach adopted in 2024 in developing the Risk-Based Annual Audit Plan to strengthen the alignment of the Risk-Based Annual Audit Plan with the Bank's organisational strategies and objectives. In this regard, IA conducted one-on-one meetings with departments of the Bank when updating the Audit Universe to enhance the awareness on the identification of auditable activities and to validate such activities directly with the respective process owners. Accordingly, the Risk-Based Annual Audit Plan for the year 2026 was prepared by using the updated Audit Universe, applying a comprehensive risk assessment methodology.

## Stakeholder Collaboration

Demonstrating its professional excellence and strong alignment with the GIAS of IIA, IA facilitated a Special Training Programme on Risk-Based Internal Audit, organised by Centre for Banking Studies, for the officers of Nepal Rastra Bank in May 2025.

Further, IA conducted its annual Internal Audit Client Feedback Survey to assess the quality of the internal audit service delivered by IA, and the results of the same were communicated to the Audit Committee.

## Quality Assurance and Improvement Program (QAIP)

QAIP established at IA, includes external and internal assessments of the IA function's conformance with the GIAS, as well as performance measurement to assess the IA function's progress toward the achievement of its objectives and promotion of continuous improvement.

Promoting quality within the IA function and implementing the QAIP, IA conducted internal assessments which included periodic self-assessment and ongoing monitoring of the performance of the IA function in 2025.