



The Director,  
Bank Supervision Department,  
Central Bank of Sri Lanka,  
Janadhipathi Mawatha,  
Colombo 1

Deutsche Bank AG  
Asia Pacific Head Office  
Finance  
One Raffles Quay  
#13-00 South Tower  
Singapore 048583

Tel +65 6423 8001

10<sup>th</sup> May 2018

Dear Sir,

### Management's Report on Internal Control over Financial Reporting

The management of Deutsche Bank AG, Colombo Branch ("Branch") is responsible for establishing and maintaining adequate internal control over financial reporting. Branch's internal control system is designed to provide reasonable assurance to management regarding the preparation and fair presentation of published financial statements in accordance with generally accepted accounting principles. All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Management has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Branch and this process includes enhancing the system of internal controls as and when there are changes to business environment or regulatory guidelines. The process is regularly reviewed by the management and accords with the guidance for directors of Banks on the Directors' Statement of Internal Control issued by the Institute of Chartered Accountants of Sri Lanka.

To the best of our knowledge, we did not identify any material deficiencies or weaknesses, in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Branch's ability to record, process, summarize and report financial data. Based on our understanding, there has been no fraud that involves management or other employees who have a significant role in the Branch's internal controls over financial reporting which requires disclosure.

The Branch management assessed the effectiveness of Branch's internal control over financial reporting as of December 31, 2017 based on the guidelines issued by the Institute of Chartered Accountants of Sri Lanka in relation to statement of internal control. Based on this assessment, management believes that, as of December 31, 2017, Branch's internal control over financial reporting is effective.



## Confirmation

Based on the above processes, the Management confirms that:

- The financial reporting system of the Branch has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes has been done in accordance with Sri Lanka Financial Reporting Standards and regulatory requirements of the Central Bank of Sri Lanka.
- There was no material change in internal control over financial reporting that occurred during the period covered by the report that has materially affected, or is reasonably likely to materially affect internal control over financial reporting, including any corrective actions with regard to significant deficiencies and material weaknesses.

## Review of the Statement by External Auditors

The external auditors have reviewed the above Management's Statement on Internal Controls for the year ended 31 December 2017 and reported to the Management that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Management in the review of the design and effectiveness of the internal control system of the Branch.

**AARTI GULATI**  
Managing Director  
Finance Director for Asia (ex. India)  
Deutsche Bank AG