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REPORT OF FACTUAL FINDINGS,
TO THE MANAGEMENT OF DEUTSCHE BANK AG - COLOMBO BRANCH

We have performed the procedures agreed with you and enumerated in an annexure to this report, with respect to the corporate governance direction issued by the Central Bank of Sri Lanka (CBSL). Our engagement was undertaken in accordance with the principles set out in Sri Lanka Standards on Related Service 4400 (SLSRS 4400) applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you to meet the compliance requirement of the corporate governance directive only at Branch level and did not cover the items which have been identified as "Not applicable at Branch level" by you, and referred to Head Office documentation.

We report our findings in the Annexure, along with the relevant agreed procedures as per Sri Lanka Standard on Related Service 4750 (SLSRS 4750).

Because the above procedures do not constitute an audit or review made in accordance with Sri Lanka Auditing Standards, we do not express any assurance on the compliance with the directives of corporate governance issued by CBSL. Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with Sri Lanka Auditing Standards, other matters might have come to our attention that would have been reported to you. Our report is solely for the purpose set forth in the first paragraph of this report and for your information and may be submitted to CBSL, and is not to be used for any other purpose or to be distributed to any other parties.

This report relates only to the items specified above and does not extend to any financial statements of Deutsche Bank AG, Colombo Branch, taken as a whole or to the procedures carried out at Head Office level.

CHARTERED ACCOUNTANTS
25 May, 2018
Colombo



DEUTSCHE BANK AG, COLOMBO BRANCH
BANKING ACT DIRECTION NO. 11 OF 2007 : CORPORATE GOVERNANCE FOR LICENSED
COMMERCIAL BANKS IN SRI LANKA

Compliance Checklist – 31 December 2017

Requirement	DB Compliance	Comment	Target date for completion
<p>3. The following rules of Corporate Governance shall be complied by all licensed commercial banks in Sri Lanka and such compliance shall be as provided for in Direction 3(9)(i) hereof.</p> <p>3(1) The Responsibilities of the Board</p> <p>3(1)(i) The board shall strengthen the safety and soundness of the bank by ensuring the implementation of the following</p>			
<p>a) Approve and oversee the bank's strategic objectives and corporate values and ensure that these are communicated throughout the bank;</p> <p>b) Approve the overall business strategy of the bank, including the overall risk policy and risk management procedures and mechanisms with measurable goals, for at least the next three years;</p> <p>c) Identify the principal risks and ensure implementation of appropriate systems to manage the risks prudently;</p> <p>d) Approve implementation of a policy of communication with all stakeholders, including depositors, creditors, share-holders and borrowers;</p>	<p>N/A for Colombo Branch</p>	<p>Complied at Head Office level</p> <p>Ref DB Annual Report 2017</p> <p>Section 1 : Management Report</p> <p>Strategic planning is performed at Head Office and Regional level.</p> <p>These are communicated to the entities and</p>	



<p>3(1)(ii) The board shall appoint the chairman and the chief executive officer and define and approve the functions and responsibilities of the chairman and the chief executive officer in line with Direction 3(5) of these Directions.</p>	<p>N/A for Colombo Branch</p>	<p>Complied at Head Office level Board of Directors – Head Office FFT Ref our website under https://www.db.com/ir/en/reports.htm as well as in the DB Annual Report 2017 chapter “3 –Corporate Governance Statement. (pg 353)</p>	
<p>3(1)(iii) The board shall meet regularly and board meetings shall be held at least twelve times a year at approximately monthly intervals. Such regular board meetings shall normally involve active participation in person of a majority of directors entitled to be present. Obtaining the board’s consent through the circulation of written resolutions/papers shall be avoided as far as possible.</p>	<p>N/A for Colombo Branch</p>	<p>Complied at Head Office level Ref our website under https://www.db.com/ir/en/reports.htm as well as the DB Annual Report 2017 chapter “3 – Corporate Governance Statement. (pg 353)</p>	
<p>3(1)(iv) The board shall ensure that arrangements are in place to enable all directors to include matters and proposals in the agenda for regular board meetings where such matters and proposals relate to the promotion of business and the management of risks of the bank.</p>	<p>N/A for Colombo Branch</p>	<p>Complied at Head Office level Board of Directors – Head Office FFT Ref our website under https://www.db.com/ir/en/reports.htm as well as the DB Annual Report 2017 chapter “3 – Corporate Governance Statement. (pg 353)</p>	



<p>3(1)(viii) All directors shall have access to advice and services of the company secretary with a view to ensuring that board procedures and all applicable rules and regulations are followed.</p>	<p>N/A for Colombo Branch</p>	<p>https://www.db.com/ir/en/reports.htm as well as the DB Annual Report 2017 chapter "3 – Corporate Governance Statement. (pg 353)</p>	
<p>3(1)(ix) The company secretary shall maintain the minutes of board meetings and such minutes shall be open for inspection at any reasonable time, on reasonable notice by any director.</p>	<p>N/A for Colombo Branch</p>	<p>Complied at Head Office level Management Board and Supervisory Board – Head Office FFT Ref our website under https://www.db.com/ir/en/reports.htm as well as the DB Annual Report 2017 chapter "3 – Corporate Governance Statement. (pg 353)</p>	
<p>3(1)(x) Minutes of board meetings shall be recorded in sufficient detail so that it is possible to gather from the minutes, as to whether the board acted with due care and prudence in performing its duties. The minutes shall also serve as a reference for regulatory and supervisory authorities to assess the depth of deliberations at the board meetings. Therefore, the minutes of a board meeting shall clearly contain or refer to the</p>	<p>N/A for Colombo Branch</p>	<p>Complied at Head Office level Board of Directors – Head Office FFT</p>	



<p>3(1)(xiii) The board shall have a formal schedule of matters specifically reserved to it for decision to ensure that the direction and control of the bank is firmly under its authority.</p>	<p>N/A for Colombo Branch</p>	<p>Complied at Head Office level Board of Directors - FFT</p> <p>Ref our website under https://www.db.com/ir/en/reports.htm as well as the DB Annual Report 2017 chapter "3 – Corporate Governance Statement. (pg 353)</p> <p>In the context of Colombo Branch this requirement will be fulfilled through the local Executive Committee in association with Global & Regional Management</p>	
<p>3(1)(xiv) The board shall, if it considers that the bank is, or is likely to be, unable to meet its obligations or is about to become insolvent or is about to suspend payments due to depositors and other creditors, forthwith inform the Director of Bank Supervision of the situation of the bank prior to taking any decision or action.</p>	<p>Complied</p>		
<p>3(1)(xv) The board shall ensure that the bank is capitalised at levels as required by the Monetary Board in terms of the capital adequacy ratio and other prudential grounds.</p>	<p>Complied</p>	<p>In the context of Colombo Branch this will be the responsibility of the local Executive Committee & ALCO</p>	
<p>3(1)(xvi) The board shall publish in the bank's Annual Report, an annual corporate governance report setting out the compliance with Direction 3 of these Directions.</p>	<p>N/A for Colombo Branch</p>	<p>Complied at Head Office level</p> <p>Ref our website under https://www.db.com/ir/en/reports.htm as well as the DB Annual Report 2017chapter "3 – Corporate Governance Statement. (pg 353)</p> <p>Refer 3 (9)(iii) for DB Colombo applicability</p>	<p>30th March 2018</p>



<p>a) In the event that there is only one director on the board who has served more than nine years as at 01 January 2008, he/she shall be deemed to have vacated the office as a director as at 31 December 2008.</p> <p>b) In the event that there are two or more directors on the board who have served more than nine years as at 01 January 2008, the following provisions shall apply:</p> <p>I. Of those directors whose period of service has exceeded nine years, the longest serving director, shall be deemed to have vacated office as a Director on 31 December 2008.</p> <p>II. Thereafter, at the end of each succeeding year, the remaining directors shall be deemed to have vacated office in sequence, at least one director each year, (on the basis of the longest to the shortest length of service as a director), until all directors who have served a period in excess of nine years as at 01 January 2008, have been deemed to have vacated office. Provided also, that all directors of the bank who have served more than nine years as at 01 January 2008 shall be deemed to have vacated their office by or before 31 December 2011.</p>		<p>Ref our website under https://www.db.com/ir/en/reports.htm as well as the DB Annual Report 2017 chapter "3 – Corporate Governance Statement. Pgs – 353 - 369</p>
<p>c) In the event there are any directors who are due to complete nine years of service between 01 January 2008 and 31 December 2010, such directors shall also be deemed to have vacated office, in sequence, at least one director each year, (on the basis of the longest to the shortest length of service as a director), after the directors as set out in Direction 3(2)(ii)(B)(b) have vacated their office as directors. Provided, however, that all such directors covered by this sub-direction (c) shall also be deemed to have vacated their office by or before 31 December 2011.</p>	<p>N/A for Colombo Branch</p>	<p>Complied at Head Office level Board of Directors Ref our website under https://www.db.com/ir/en/reports.htm as well as the DB Annual Report 2017 chapter "3 – Corporate Governance Statement. Pgs – 353 - 369</p>
<p>3(2)(iii) An employee of a bank may be appointed, elected or nominated as a director of</p>	<p>N/A for</p>	<p>Complied at Head Office level</p>



<p>regulatory capital in the bank;</p>			
<p>3(2)(v) In the event an alternate director is appointed to represent an independent director, the person so appointed shall also meet the criteria that applies to the independent director.</p>	<p>N/A for Colombo Branch</p>	<p>Complied at Head Office level Management & Supervisory Boards</p> <p>Ref our website under https://www.db.com/ir/en/reports.htm as well as the DB Annual Report 2017 chapter "3 – Corporate Governance Statement.</p> <p>Pgs – 353 - 369</p>	
<p>3(2)(vi) Non-executive directors shall be persons with credible track records and/or have necessary skills and experience to bring an independent judgment to bear on issues of strategy, performance and resources.</p>	<p>N/A for Colombo Branch</p>	<p>Complied at Head Office level Management & Supervisory Boards</p> <p>Ref our website under https://www.db.com/ir/en/reports.htm as well as the DB Annual Report 2017 chapter "3 – Corporate Governance Statement.</p> <p>Pgs – 353 - 369</p>	
<p>3(2)(vii) A meeting of the board shall not be duly constituted, although the number of</p>	<p>N/A for</p>	<p>Complied at Head Office level</p>	



<p>3(2)(x) All directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after their appointment.</p>	<p>N/A for Colombo Branch</p>	<p>Corporate Governance Statement. Pgs - 353 - 369 Complied at Head Office level Management & Supervisory Boards Ref our website under https://www.db.com/ir/en/reports.htm as well as the DB Annual Report 2017 chapter "3 – Corporate Governance Statement. Pgs – 353 - 369</p>	
<p>3(2)(xi) If a director resigns or is removed from office, the board shall: (a) announce the director's resignation or removal and the reasons for such removal or resignation including but not limited to information relating to the relevant director's disagreement with the bank, if any; and (b) issue a statement confirming whether or not there are any matters that need to be brought to the attention of shareholders.</p>	<p>N/A for Colombo Branch</p>	<p>Corporate Governance Statement. Pgs - 353 - 369 Complied at Head Office level Management & Supervisory Boards Ref our website under https://www.db.com/ir/en/reports.htm as well as the DB Annual Report 2017 chapter "3 – Corporate Governance Statement. Pgs – 353 - 369</p>	



<p>may continue to serve as a director for a further period that shall not extend beyond 31 December 2009, and shall be deemed to have vacated office on 31 December 2009. B) Where a director who is currently serving at a bank reaches the age of 70 years, between 01 January 2008 and 31 December 2009, such director may, subject to the provisions as set out in Direction 3(2)(ii) hereof, continue to serve as a director for a further period that shall not extend beyond 31 December 2010 and shall be deemed to have vacated office on 31 December 2010.</p>		<p>chapter "3 –Corporate Governance Statement. Pgs – 353 - 369</p>	
<p>3(3)(ii) A person shall not hold office as a director of more than 20 companies/entities/institutions inclusive of subsidiaries or associate companies of the bank. Of such 20 companies/entities/ institutions, not more than 10 companies shall be those classified as Specified Business Entities in terms of the Sri Lanka Accounting and Auditing Standards Act, No. 15 of 1995.</p>	<p>N/A for Colombo Branch</p>	<p>Complied at Head Office level Management & Supervisory Boards Ref our website under https://www.db.com/ir/en/reports.htm as well as the DB Annual Report 2017 chapter "3 –Corporate Governance Statement. Pgs – 353 - 369</p>	
<p>3(4) Management functions delegated by the Board</p>			
<p>3(4)(i) The directors shall carefully study and clearly understand the delegation arrangements in place.</p>	<p>N/A for Colombo Branch</p>	<p>Complied at Head Office level Management & Supervisory Boards</p>	



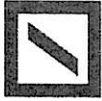
				Statement. Pgs – 353 - 369	
3(5) The Chairman and Chief Executive Officer					
3(5)(i) The roles of chairman and chief executive officer shall be separate and shall not be performed by the same individual.	N/A for Colombo Branch		Complied at Head Office level Management & Supervisory Boards Ref our website under https://www.db.com/ir/en/reports.htm as well as the DB Annual Report 2017 chapter “3 –Corporate Governance Statement. Pgs 353 - 369		
3(5)(ii) The chairman shall be a non-executive director and preferably an independent director as well. In the case where the chairman is not an independent director, the board shall designate an independent director as the Senior Director with suitably documented terms of reference to ensure a greater independent element. The designation of the Senior Director shall be disclosed in the bank’s Annual Report.	N/A for Colombo Branch		Complied at Head Office level Management & Supervisory Boards Ref our website under https://www.db.com/ir/en/reports.htm as well as the DB Annual Report 2017 chapter “3 –Corporate Governance Statement. Pgs 353 - 369		



<p>agenda for each board meeting, taking into account where appropriate, any matters proposed by the other directors for inclusion in the agenda. The chairman may delegate the drawing up of the agenda to the company secretary.</p>	<p>Colombo Branch</p>	<p>Ref our website under https://www.db.com/ir/en/reports.htm as well as the DB Annual Report 2017 chapter "3 –Corporate Governance Statement.</p> <p>Refer Terms of reference</p> <p>Please refer Terms of Reference - https://www.db.com/ir/en/documents.htm</p>	
<p>3(5)(vi) The chairman shall ensure that all directors are properly briefed on issues arising at board meetings and also ensure that directors receive adequate information in a timely manner.</p>	<p>N/A for Colombo Branch</p>	<p>Complied at Head Office level</p> <p>Ref our website under https://www.db.com/ir/en/reports.htm as well as the DB Annual Report 2017 chapter "3 –Corporate Governance Statement. (pg 353)</p>	
<p>3(5)(vii) The chairman shall encourage all directors to make a full and active contribution to the board's affairs and take the lead to ensure that the board acts in the best interests of the bank.</p>	<p>N/A for Colombo Branch</p>	<p>Complied at Head Office level</p>	



<p>3(5)(x) The chairman shall ensure that appropriate steps are taken to maintain effective communication with shareholders and that the views of shareholders are communicated to the board.</p>	<p>N/A for Colombo Branch</p>	<p>Complied at Head Office level</p> <p>Ref our website under https://www.db.com/ir/en/reports.htm as well as the DB Annual Report 2017 chapter “3 –Corporate Governance Statement. (pg 353)</p>	
<p>3(5)(xi) The chief executive officer shall function as the apex executive-in-charge of the day-to-day management of the bank’s operations and business.</p>	<p>In DB Colombo Branch , Chief Country Officer is the apex executive in charge .</p>	<p>CEO - Complied at Head Office level</p> <p>Ref our website under https://www.db.com/ir/en/reports.htm as well as the DB Annual Report 2017 chapter “3 –Corporate Governance Statement.) (pg 353)</p>	



	Branch	<p>Ref our website under https://www.db.com/ir/en/reports.htm as well as the DB Annual Report 2017 chapter “3 –Corporate Governance Statement.</p> <p>Pgs – 365 - 368</p>	
<p>c) The committee shall make recommendations on matters in connection with:</p> <ul style="list-style-type: none"> (i) the appointment of the external auditor for audit services to be provided in compliance with the relevant statutes; (ii) the implementation of the Central Bank guidelines issued to auditors from time to time; (iii) the application of the relevant accounting standards; and (iv) the service period, audit fee and any resignation or dismissal of the auditor; provided that the engagement of the Audit partner shall not exceed five years, and that the particular Audit partner is not re-engaged for the audit before the expiry of three years from the date of the completion of the previous term. 	<p>N/A for Colombo Branch</p>	<p>Complied at Head Office level</p> <p>Ref our website under https://www.db.com/ir/en/reports.htm as well as the DB Annual Report 2017 chapter “3 –Corporate Governance Statement.</p> <p>Pgs 365 - 368 , 309-310</p>	
<p>d) The committee shall review and monitor the external auditor’s independence and objectivity and the effectiveness of the audit processes in accordance with applicable standards and best practices.</p>	<p>N/A for Colombo Branch</p>	<p>Complied at Head Office level</p> <p>Ref our website under https://www.db.com/ir/en/reports.htm as well as the DB Annual Report 2017 chapter “3 –Corporate Governance Statement.</p> <p>Pgs IX, 366 - 368</p>	



<p>significant adjustments arising from the audit; (iv) the going concern assumption; and (v) the compliance with relevant accounting standards and other legal requirements.</p>		<p>2017chapter "3 –Corporate Governance Statement. Pgs IX, 366 - 368</p>	
<p>h) The committee shall discuss issues, problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss including those matters that may need to be discussed in the absence of key management personnel, if necessary</p>	<p>N/A for Colombo Branch</p>	<p>Complied at Head Office Level Ref our website under https://www.db.com/ir/en/reports.htm as well as the DB Annual Report 2017 chapter "3 –Corporate Governance Statement. Pgs IX, 366 - 368</p>	
<p>i) The committee shall review the external auditor's management letter and the management's response thereto. j) The committee shall take the following steps with regard to the internal audit function of the bank: I. Review the adequacy of the scope, functions and resources of the internal audit department, and satisfy itself that the department has the necessary authority to carry out its work; II. Review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit department; III. Review any appraisal or assessment of the performance of the head and senior staff members of the internal audit department; Recommend any appointment or termination of the head, senior staff members and outsourced service providers to the internal audit function; Ensure that the committee is appraised of resignations of senior staff members of the</p>	<p>At DB Colombo Branch, the exco has oversight on external and internal audit functions</p>	<p>Complied at Head Office level Ref our website under https://www.db.com/ir/en/reports.htm as well as the DB Annual Report 2017 chapter "3 –Corporate Governance Statement. Pgs IX, 366 - 368 ,</p>	



		Statement. Pgs IX, 366 - 368	
n) The committee shall meet regularly, with due notice of issues to be discussed and shall record its conclusions in discharging its duties and responsibilities.	N/A for Colombo Branch	Complied at Head Office Level Governance Report Ref our website under https://www.db.com/ir/en/reports.htm as well as the DB Annual Report 2017 chapter "3 –Corporate Governance Statement. Pgs IX, 366 - 368	
(o) The board shall disclose in an informative way, (i) details of the activities of the audit committee; (ii) the number of audit committee meetings held in the year; and (iii) details of attendance of each individual director at such meetings.	N/A for Colombo Branch	Complied at Head Office Level Ref our website under https://www.db.com/ir/en/reports.htm as well as the DB Annual Report 2017 chapter "3 –Corporate Governance Statement. Pgs IX, 366 - 368	



<p>financial payments) relating to directors, Chief Executive Officer (CEO) and key management personnel of the bank.</p>	<p>Colombo Branch</p>	<p>Ref DB Group Annual Report 2017 Compensation Report Pgs 137 - 181</p>	
<p>b) The committee shall set goals and targets for the directors, CEO and the key management personnel.</p>	<p>N/A for Colombo Branch</p>	<p>Complied at Head Office /Regional Level Ref DB Group Annual Report 2017 Compensation Report Pgs 137 - 181</p>	
<p>c) The committee shall evaluate the performance of the CEO and key management personnel against the set targets and goals periodically and determine the basis for revising remuneration, benefits and other payments of performance-based incentives.</p>	<p>N/A for Colombo Branch</p>	<p>Complied at Head Office/Regional Level Ref DB Group Annual Report 2017 Compensation Report Pgs 137 - 181</p>	
<p>d) The CEO shall be present at all meetings of the committee, except when matters relating to the CEO are being discussed.</p>	<p>N/A for Colombo Branch</p>	<p>Complied at Head Office Level Ref DB Group Annual Report 2017 Compensation Report Pgs 137 - 181</p>	
<p>3(6)(iv) The following rules shall apply in relation to the Nomination Committee:</p>			
<p>a) The committee shall implement a procedure to select/appoint new directors, CEO and key management personnel.</p>	<p>Chief Country Officer is selected by Regional CEO. Staff for key positions are selected/appointed by CCO and Regional Senior Management.</p>	<p>Complied at Head Office Level Ref our website under https://www.db.com/ir/en/reports.htm as well as the DB Annual Report 2017chapter "3 –Corporate Governance Statement. Pgs – 353 - 369</p>	
<p>b) The committee shall consider and recommend (or not recommend) the re-election of current directors, taking into account the performance and contribution made by the</p>	<p>N/A for Colombo</p>	<p>Complied at Head Office Level</p>	



<p>additional/new expertise and the succession arrangements for retiring directors and key management personnel.</p>	<p>Colombo, succession arrangements are identified for key positions.</p>	<p>Ref our website under https://www.db.com/ir/en/reports.htm as well as the DB Annual Report 2017chapter “3 –Corporate Governance Statement. Pgs – 353 - 369</p>	
<p>f) The Committee shall be chaired by an Independent Director and preferably be constituted with a majority of Independent Directors. The CEO may be present at meetings by invitation.</p>	<p>N/A for Colombo Branch</p>	<p>Complied at Head Office Level Ref our website under https://www.db.com/ir/en/reports.htm as well as the DB Annual Report 2017chapter “3 –Corporate Governance Statement. Pgs – 353 - 369</p>	

<p>3(6)(v) The following rules shall apply in relation to the Integrated Risk Management Committee:</p>	<p>For compliance with Directives on IRM issued by the Central Bank of Sri Lanka, please refer DB</p>		
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<p>c) The committee shall review the adequacy and effectiveness of all management level committees such as the credit committee and the asset-liability committee to address specific risks and to manage those risks within quantitative and qualitative risk limits as specified by the committee.</p>	<p>Complied at Head Office/Regional Level our website under https://www.db.com/ir/en/reports.htm as well as the DB Annual Report 2017 chapter '3 –Corporate Governance Statement. Pg 367 Ref DB Annual Report 2017 Pgs 41 - 136</p>
<p>d) The committee shall take prompt corrective action to mitigate the effects of specific risks in the case such risks are at levels beyond the prudent levels decided by the committee on the basis of the bank's policies and regulatory and supervisory requirements.</p>	<p>Complied at Head Office/Regional Level Ref our website under https://www.db.com/ir/en/reports.htm as well as the DB Annual Report 2017 chapter '3 –Corporate Governance Statement. Pg 367 Ref DB Annual Report 2017 Pgs 41 - 136</p>
<p>e) The committee shall meet at least quarterly to assess all aspects of risk management including updated business continuity plans.</p>	<p>Complied at Head Office/Regional Level Pgs 41 - 136 Ref our website under https://www.db.com/ir/en/reports.htm as</p>



<p>(h) The committee shall establish a compliance function to assess the bank's compliance with laws, regulations, regulatory guidelines, internal controls and approved policies on all areas of business operations. A dedicated compliance officer selected from key management personnel shall carry out the compliance function and report to the committee periodically.</p>	<p>DB Colombo Branch's Compliance function comes under the purview of the Regional Hub. This function is responsible for related compliance of this directive where applicable. (From March, 2012 dedicated Compliance officer has been appointed in DB Colombo)</p>	<p>Ref DB Annual Report 2017 Pgs 41 - 136 Complied at Head Office/Regional Level</p> <p>Ref our website under https://www.db.com/ir/en/reports.htm as well as the DB Annual Report 2017 chapter "3 –Corporate Governance Statement.</p> <p>Pg 367 Ref DB Annual Report 2017 Pgs 41 - 136</p>	
<p>3(7) Related Party Transactions</p> <p>3(7)(i) The board shall take the necessary steps to avoid any conflicts of interest that may arise from any transaction of the bank with any person, and particularly with the following categories of persons who shall be considered as "related parties" for the purposes of this Direction:</p> <ul style="list-style-type: none"> a) Any of the bank's subsidiary companies; b) Any of the bank's associate companies; 		<p>Complied at Head Office Level</p>	



<p>b) Charging of a lower rate of interest than the bank's best lending rate or paying more than the bank's deposit rate for a comparable transaction with an unrelated comparable counterparty;</p> <p>c) Providing of preferential treatment, such as favourable terms, covering trade losses and/or waiving fees/commissions, that extend beyond the terms granted in the normal course of business undertaken with unrelated parties;</p> <p>d) Providing services to or receiving services from a related-party without an evaluation procedure;</p> <p>e) Maintaining reporting lines and information flows that may lead to sharing potentially proprietary, confidential or otherwise sensitive information with related parties, except as required for the performance of legitimate duties and functions.</p>			
<p>3(7)(iv) A bank shall not grant any accommodation to any of its directors or to a close relation of such director unless such accommodation is sanctioned at a meeting of its board of directors, with not less than two-thirds of the number of directors other than the director concerned, voting in favour of such accommodation. This accommodation shall be secured by such security as may from time to time be determined by the Monetary Board as well.</p>	<p>N/A for Colombo Branch</p>	<p>Complied at Head Office Level</p> <p>Ref DB Annual Report 2017 Related Party Transactions – Pgs 369, 309-310</p>	
<p>3(7)(v) a) Where any accommodation has been granted by a bank to a person or a close relation of a person or to any concern in which the person has a substantial interest, and such person is subsequently appointed as a director of the bank, steps shall be taken by the bank to obtain the necessary security as may be approved for that purpose by the Monetary Board, within one year from the date of appointment of the person as a director.</p> <p>b) Where such security is not provided by the period as provided in Direction 3(7)(v)(a) above, the bank shall take steps to recover any amount due on account of any accommodation, together with interest, if any, within the period specified at the time of the grant of accommodation or at the expiry of a period of eighteen months from the date of appointment of such director, whichever is earlier.</p> <p>c) Any director who fails to comply with the above sub-direction shall be deemed to have vacated</p>	<p>N/A for Colombo Branch</p>	<p>Complied at Head Office Level</p> <p>Ref DB Annual Report 2017 Related Party Transactions – Pgs 369, 309-310</p>	



<p>a) A statement to the effect that the annual audited financial statements have been prepared in line with applicable accounting standards and regulatory requirements, inclusive of specific disclosures.</p>	<p>Complied by DB Group & DB Colombo Branch</p>	<p>Group applicability: Ref DB Group Annual report 2017 DB Annual Report 2017 Pgs 195 - 343 Confirmations : Pgs 344 - 351</p> <p>DB Colombo Branch applicability: Confirmation in annual accounts (per SLFRS/LKAS) signed off by CCO/Finance and also supplemented by additional certification by CCO/Head of Finance</p>	<p>31st May 2018</p>
<p>b) A report by the board on the bank's internal control mechanism that confirms that the financial reporting system has been designed to provide reasonable assurance regarding the reliability of financial reporting, and that the preparation of financial statements for external purposes has been done in accordance with relevant accounting principles and regulatory requirements</p>	<p>Complied by DB Group & DB Colombo Branch</p>	<p>Group applicability: Refer - DB Annual Report 2017 Internal Control Over Financial Reporting Pgs 187 - 189</p> <p>DB Colombo Branch applicability: Certification issued by the Head of the Office supervising Sri Lanka Operations will be submitted to CBSL.</p>	<p>31st May 2018</p>
<p>c) The external auditor's certification on the effectiveness of the internal control mechanism referred to in Direction 3(8)(ii)(b) above, in respect of any statements prepared or published after 31 December 2008.</p>	<p>Complied by DB Group & DB Colombo</p>	<p>Group applicability: Ref Independent Auditors' Report in DB Group Annual Report 2017 -</p>	



<p>f) The aggregate values of remuneration paid by the bank to its key management personnel and the aggregate values of the transactions of the bank with its key management personnel, set out by broad categories such as remuneration paid, accommodation granted and deposits or investments made in the bank.</p>	<p>Complied by DB Group</p>	<p>Group applicability: Ref DB Annual Report 2017 Related Party Transactions – Pgs 369, 309-310 Compensation Report Pgs – 137 - 181 Aggregate value remuneration of Key Management personnel of DB Colombo Branch in 2017 : LKR 150,061,968/-. Aggregate values of transaction with Key Management personnel of DB Colombo Branch : Loans : LKR 69,628,333/- Deposits (C/A) : Nil</p>	
<p>g) The external auditor's certification of the compliance with these Directions in the annual corporate governance reports published after 01 January 2010.</p>	<p>Complied by DB Colombo Branch</p>	<p>DB Colombo Branch applicability: External auditor's certification will be submitted to CBSL</p>	<p>31st May 2018</p>
<p>h) A report setting out details of the compliance with prudential requirements, regulations, laws and internal controls and measures taken to rectify any material non-compliances.</p>	<p>Complied by DB Colombo Branch</p>	<p>DB Colombo Branch applicability: Report signed by Head of the Office supervising Sri Lanka operations will be submitted to CBSL.</p>	<p>31st May 2018</p>
<p>i) A statement of the regulatory and supervisory concerns on lapses in the bank's risk management, or non-compliance with these Directions that have been pointed out by</p>	<p>Not Applicable</p>	<p>DB Colombo Branch applicability: Report signed by Head of the Office</p>	<p>31st May 2018</p>



<p>Corporate Governance Report, as published in the Group Financial Report will be forwarded to CBSL and is also available in www.db.com.</p>	<p>Not Applicable</p>	<p>3(9)(iv) In the event of a conflict between any of the provisions of this Direction and the Articles of Association (or Internal Rules) pertaining to any bank, the provisions of this Direction shall prevail. However, if the Articles of Association of an individual bank set a more stringent standard than that specified in this Direction, such provision in the Articles of Association may be followed.</p>	<p>Corporate Governance Report, as published in the Group Financial Report will be forwarded to CBSL and is also available in www.db.com.</p>
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Signatures :

CHIEF COUNTRY OFFICER

HEAD OF COMPLIANCE

CHIEF OPERATING OFFICER

Date: 30/5/2018.