

GSM/BV/CR

26, March 2024

Private & Confidential

Attention: Mrs. R.R.S De Silva Jayatillake

Director,
Dept. of Bank Supervision,
Central Bank of Sri Lanka
30, Janadhipathi Mawatha,
Colombo 1.

Dear Madam,

**Re: Compliance with Corporate Governance Direction Issued by Central Bank of Sri Lanka-
Deutsche Bank AG- Colombo Branch -31 December 2023**

In accordance with the circular dated 29 March , 2012, issued by Central Bank of Sri Lanka on 'Disclosures in Annual Reports- Banking Act Directions on Corporate Governance' , we wish to confirm that all the findings of our "Factual Findings Report" issued under "Sri Lanka Related Services Practice Statement 4750 on Agreed -upon Procedures Engagement" performed solely to assist with meeting the compliance requirement of the Corporate Governance Direction , have been incorporated in the Corporate Governance checklist of Deutsche Bank AG- Colombo Branch- 2023.

Yours faithfully,



CC: Mr. Niranjan Figurado
Chief Country Officer
Deutsche Bank AG
Colombo Branch
Level 21, One Galle Face Tower,
1A Center Road, Galle Face,
Colombo 02.



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GSM/CR

26, March 2024

Chief Country Officer,
Deutsche Bank AG
Colombo Branch
Level 21, One Galle Face Tower,
1A Center Road, Galle Face, Colombo 02.

Report of Factual Findings of Deutsche Bank AG-Colombo Branch on the compliance requirement of the Corporate Governance Directive issued by the Central Bank of Sri Lanka, 31 December 2023.

Dear Sir,

In line with the letter of engagement, we have performed the procedures agreed with you and enumerated in Annexure I to this report, with respect to the Governance Report of the Board of Directors prepared and presented to meet the compliance requirement of the Corporate Governance directive 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 Services 4400 (SLSRS 4400- Revised) applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you to meet the compliance requirement of the corporate governance directive.

We report our findings in the attached Annexure I to this report.

Because the above procedures do not constitute an audit or review made in accordance with Sri Lanka Auditing Standards or Sri Lanka Standards on Review Engagements, we do not express any assurance on the compliance with the Corporate Governance directive issued by CBSL.

Had we performed additional procedures or had we performed an audit or review of the Governance Report in accordance with Sri Lanka Auditing Standards or Sri Lanka Standards on Review Engagements, 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 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.

Yours faithfully

Deutsch Bank AG- Colombo Branch

Report of Factual Findings on the Compliance with
Corporate Governance Directive -2023



Annexure I

Deutsche Bank AG-Colombo Branch- Corporate Governance- Factual Finding Report - 2023

As a branch office of a foreign Bank, Deutsche Bank AG-Colombo Branch has no separate Board of Directors in Sri Lanka, instead they have a Branch Management Board, appointed by their Head office to direct operations in Sri Lanka. This represents the heads of each division (business and support functions) chaired by the Chief Country Officer in Sri Lanka. Therefore, Board composition, competency of Board members, appointment of Board members, and maximum/minimum number of members, maximum age, independent/non-independent status and retirement of Board members are not applicable to Sri Lanka branch.

The following sections of CBSL Corporate Governance Direction No.11 of 2007 are not applicable to the Deutsche Bank AG- Colombo Branch

3(1)(i)c & i, 3(i)(ii) to 3(1)(xiii), 3(1)(xvii) to 3(3) (iii), 3(4)(ii), 3(5)(i) to 3(5)(x), 3(6)(i), 3(6)(ii) a, b, e & l to q, 3(6)(iii)d, 3(6)(iv)b & f, 3(6)(v) e, f ,3(7)(iv)& 3(7)(v)

Agreed Upon Procedure		Result of Procedure
3(1)	The responsibilities of the board	
3(1)(i)	Procedures to be carried out to ensure the board have strengthened the safety and soundness of the bank.	
	a) Check the board approval of the bank’s strategic objectives and corporate values. Check whether the bank has communicated the bank’s strategic objectives and corporate values throughout the bank.	As far as Strategic Objectives are concerned, Sri Lanka is governed by the Regional Office. The relevant Business Divisions receive their Business Plans and Objectives from the Regional Head Office annually. Corporate Values are set by Deutsche Bank AG Frankfurt which are shared among all branches globally. Risk management function of DB is covered by Global Risk management Framework. At the branch level, risk management process is monitored by the ICAAP process through the Risk Management Framework (RMF). In addition, Integrated Risk Management (IRM) direction issued by



Agreed Upon Procedure		Result of Procedure
b).	<p>Check the board approval of the overall business strategy of the bank.</p> <p>Check that the overall business strategy includes the overall risk policy, risk management procedures and mechanisms and they are documented.</p> <p>Check that the overall business strategy contains measurable goals, for at least the next three years.</p>	<p>the CBSL is also complied by the branch. Both RMF and IRM is covered under the ICAAP of the branch annually. Next submission date of the ICAAP to CBSL is by 31.05.2024.</p>
d)	<p>Check that the board has approved and implemented a policy of communication with all stakeholders, including depositors, creditors, share-holders and borrowers;</p>	<p>All policies and procedures are prepared globally and regionally which are cascaded across the branch.</p>
e)	<p>Check that the board has reviewed the adequacy and the integrity of the bank's internal control systems and management information systems;</p>	<p><i>Internal control systems</i></p> <p>There is an annual mechanism at the branch to identify the accuracy of the branch internal control systems by the Branch Management Board (BMB) through the process over design and effectiveness of internal control over financial reporting.</p> <p><i>Management Information Systems</i></p> <p>Systems used by Deutsche Bank Colombo branch consists of both regional/global applications and local applications mandated by external parties such as the regulator and monitoring and reporting is done through the Branch Technology in Sri Lanka. Head of Branch Technology presents reports to the BMB on a monthly basis and details of areas covered includes system stability, technology roadmap compliance, matters related to information security, incidents, and other key projects.</p>



Agreed Upon Procedure		Result of Procedure
f)	Check that the board has identified and designated key management personnel, as Officers Performing Executive Functions of LCBs as defined in Banking Act Determination No. 3 of 2010 as per Bank Supervision Dept. Guideline ref. 02/17/550/0002/003 on 02 December 2015. Amended by CBSL Determination No.1 of 2019	<p>The following officers performing executive functions have been identified as key management personnel for the Branch office for the year 2023.</p> <ol style="list-style-type: none"> 1. Mr. Niranjana Figurado-Director - Chief Country Officer / Head of Global Emerging Markets(GEM) 2. Mr. Janath Ilangantileke -Director - Chief Operating Officer 3. Mr. Dhakshitha Serasunera -Director - Head of Risk Management Solutions 4. Mr. Gerald Silva-Vice President - Treasurer/ Senior Trader - GEM 5. Mr. Prabath Samindra-Vice President - Head of IT and Branch Operations 6. Ms. Imesha Sanjeevanie -Vice President - Head of Finance 7. Ms. Darshika Bandularatne-Vice President - Head of Compliance & Anti Financial Crime 8. Mr.Reza Mansoor-Vice President - Head of Relationship and Transaction Management 9. Ms.Thushanthie Wijesingha-Vice President - Co-Head of Relationship and Transaction Management 10. Mr. Dilan Jesudason-Vice President - Head of Securities Services 11. Ms. Salika Seneviratne- Vice President -Head of Human Resources 12. Mr. Sivadarshan- Assistant Vice President- Risk & Control Manager 13. Mr. Akalanka Liyanaarachchi Assistant Vice President- Head of Asset & Liability Management Desk



Agreed Upon Procedure		Result of Procedure
g)	Check that the board has defined the areas of authority and key responsibilities for the board directors themselves and for the key management personnel;	<p>Areas of authority and key responsibilities of Board of Directors are handled at the Head Office level.</p> <p>Key responsibilities of Branch level key management personnel are defined in their job descriptions. JDs of KMPs are updated periodically and uploaded to SharePoint. We have seen JDs of Head of Compliance, Head of IT and Head of Finance as evidence.</p> <p>Authority of key management personnel defined under delegated authority limits.</p>
h)	Check that the board has exercised appropriate oversight of the affairs of the bank by key management personnel, that is consistent with board policy;	At DB Colombo Branch, Regional Governance Forums exercised appropriate oversight of the Branch Management Board. We have seen minutes of BMB meetings as evidence.
j)	Check that the board has a succession plan for key management personnel.	<p>Succession plan for key management personnel which is reviewed and approved annually is in place as of Feb 2023 except for positions Head- Finance and Head- Chief Technology Office where the Branch had decided to source externally. However, for the role of Head- Finance, the Bank currently has a short- term succession arrangement in place, while also considering an external candidate in the longer term.</p> <p>Succession plan of CCO has been approved by the COO- APAC/CCO Singapore and Succession plan of other KMP approved by the CCO/GM for SL. We have seen email communications dated 02.01.2023 and 15.02.2023 respectively for approval of above succession plans as evidence. As per Head of HR, they are in the process of finalizing the succession plan for the year 2024.</p>



	k)	Check that the board has scheduled regular meetings with the key management personnel to review policies, establish communication lines and monitor progress towards corporate objectives.	Branch Management Board has held regular meetings with the key management personnel. In addition, Regional Governance Forums and Regional Management has communication lines with KMPs and monitor progress towards corporate objectives.
	l)	Check that the board has taken measures and processes in place to understand the regulatory environment and that the bank maintains a relationship with regulators.	This requirement is met locally through the Branch Management Board. Branch Management Board has taken measures and processes are in place to understand the regulatory environment and that the branch maintains a relationship with regulators. An update on Compliance & Anti Financial Crime (AFC) is submitted to the BMB meetings by the Head of Compliance & AFC on a monthly basis. As an example, we have seen Compliance & AFC update presented by Head of Compliance& AFC at their BMB meetings held on 18.12.2023 28.11.2023, 24.10.2023 and 25.09.2023.
	m)	Check that the board has a process in place for hiring and oversight of external auditors.	The Head Office has a process for appointing the auditors which is compiled by the Branch office.
3(1)(xiv)		Check that the board has forthwith informed the Director of Bank Supervision of the situation of the bank prior to taking any decision or action, if it considers that the procedures to identify when 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.	In the context of Colombo Branch this requirement will be full-filled through the Local Branch Management Board in association with Global & Regional Management.
3(1)(xv)		Check that the board has the bank capitalized at levels as required by the Monetary board.	Branch is capitalized at levels required by the Monetary Board in terms of the capital adequacy ratio and other prudential grounds. In the context of Colombo Branch this will be the responsibility of the Local Branch Management Board & ALCO. Capital levels of the Branch is monitored through the ICAAP as well. As an example, we have seen ICAAP 2022 has been approved by the BMB at its meeting held on 24.05.2023. As confirmed by COO, work on ICAAP 2023 is in progress which is to be submitted to the CBSL by 31.05.2024.



3(1)(xvi)	Check that the board publishes, in the bank's Annual Report, an annual corporate governance report setting out the compliance with Direction 3 of these Directions.	The Branch office publishes an extract of the Groups Governance report with its annual financials publication.
3(4)	Management functions delegated by the board	
3(4)(i)	Check that the delegation arrangements have been approved by the board.	Delegation of Authorities flow from the Head office Board through Group Heads, Global Heads and Regional Heads to the KMPs in each business and support function area.
3(4)(iii)	Check that the board review the delegation processes in place on a periodic basis to ensure that they remain relevant to the needs of the bank.	Delegation of authority limits are reviewed on a periodic basis by the respective Unit/Functional Heads. The DA limits have been approved by the BMB at its meeting held on 02.02.2023 and further amended and approved on 24.05.2023.
3(5)(xi)	Check that the CEO functions as the apex executive-in-charge of the day-to-day management of the bank's operations and business.	In DB Colombo Branch, Chief Country Officer is the apex executive in charge.
3(6)	Board appointed committees	
3(6)(ii)	Audit Committee:	
	c)	Check that the committee has made recommendations on matters in connection with:
		(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
		At DB Colombo Branch the Branch Management Board (BMB) has oversight on external and internal audit functions.



		(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	
	d)	Check that the committee has obtained representations from the external auditor's on their independence, and that the audit is carried out in accordance with SLAuS.	An engagement letter is signed off by the External Auditors at branch level setting out their objectives and the need to carry out the audit as per the SLAuS.
	f)	Check that the committee has discussed and finalized the nature and scope of the audit, with the external auditors in accordance with SLAuS before the audit commences.	Chief Country Officer and Engagement Partner had discussed and finalized the scope of the audit.
	g)	Check that the committee has a process to review the financial information of the bank, in order to monitor the integrity of the financial statements of the bank, its annual report, accounts and quarterly reports prepared for disclosure, and a process in place to receive from the CFO the following; (i) major judgmental areas; (ii) any changes in accounting policies and practices; (iii) the going concern assumption; and (iv) the compliance with relevant accounting standards and other legal requirements, and; (v) in respect of the annual financial statements the significant adjustments arising from the audit.	At branch level, the Financial Statements and disclosures are reviewed by the Chief Country Officer (CCO) and Head of Finance. A signed Letter of Representation is provided by the CCO and Head of Finance confirming the applicable aspects referred to in sections (i) to (v).
	h)	Check that the committee has met the external auditors relating to any issue in the absence of the executive management with relation to the audit.	As required, BMB members have met auditors on behalf of the Audit Committee, to address any matters requiring attention during the course of the audit.
	i)	Check that the committee has reviewed the external auditor's management letter and the management's response thereto.	The Head of Finance and/or Chief Country Officer would review the Management Letter and provide responses to the auditors in lieu of the Audit Committee at branch level. Other BMB members also would be involved in providing responses, as required.



	j)	Check that the committee shall take the following steps with regard to the internal audit function of the bank:	At DB Colombo Branch the Branch Management Board (BMB) has oversight on external audit and internal audit matters relevant to Colombo Branch.
		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 program 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;	
		IV. Recommend any appointment or termination of the head, senior staff members and outsourced service providers to the internal audit function;	
		V. Check that the committee is appraised of resignations of senior staff members of the internal audit department including the chief internal auditor and any outsourced service providers, and to provide an opportunity to the resigning senior staff members and outsourced service providers to submit reasons for resigning;	
		VI. Check that the internal audit function is independent of the activities it audits and that it is performed with impartiality proficiency and due professional care.	
	k)	Check the minutes to determine whether the committee has considered major findings of internal investigations and management's responses thereto.	If there are any findings of internal investigations, they are escalated to BMB.
3(6)(iii)	Does the following rules apply in relation to the Human Resources and Remuneration Committee :		The Regional Committee based in Singapore covers Colombo Branch.



	a)	Check that the committee has implemented a policy to determine the remuneration (salaries, allowances and other financial payments) relating to directors, CEO and key management personnel of the bank by review of the "Terms of reference" and minutes.	As per Bank's regional policy the relevant regional business and operational management along with the Chief Country Officer are involved in matters pertaining to remunerations of branch level key management personnel.
	b)	Check that the goals and targets for the directors, CEO and the key management personnel are documented.	Goals and Objectives of branch level key management personnel are assigned by the relevant regional business and operational divisional management along with Chief Country Officer. Goals and targets (KPI) for all KMP have been set for the year 2023 and recorded in the HR Platform (Workday). These KPIs are approved by the Direct Supervisor of the KMP. We have seen individual Goals and targets set for the year 2023 as evidence. Setting KPI for the year 2024 is being finalized and deadline for the same is on 31.03.2024.
	c)	Check that the committee has considered evaluations of 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.	Performance evaluations of KMPs are handled by the relevant line and matrix managers. Performance evaluations of KMP have been completed for the year 2023 and recorded in the HR Platform (Workday system) and we have seen system records as evidence.
3(6)(iv)	Does the following rules apply in relation to the Board Nomination Committee:		
	a)	Check that the committee has implemented a procedure to select/appoint new directors, CEO and key management personnel.	Chief Country Officer (CCO) is selected by Regional CEO. Staff for key positions are selected /appointed by CCO and Regional Senior Management.
	c)	Check that the committee has set the criteria such as qualifications, experience and key attributes required for eligibility to be considered for appointment or promotion to the post of CEO, and the key management personnel, by review of job descriptions.	This is performed by Regional Senior Management and CCO for Colombo branch.



	d)	Check that the committee has obtained from the directors, CEO and key management personnel signed declarations that they are fit and proper persons to hold office as specified in the criteria given in Direction 3(3) and as set out in the Statutes.	Branch complies with the Direction of fit and proper person to hold office of the key management personnel issued by the regulator. When appointing new KMPs, affidavits are obtained and submitted to CBSL for their approval. As an example, we have seen affidavits of three officers who have promoted and identified as KMP ie. Head of HR, Risk & Control Manager and Head- Assets and Liability Management Desk been submitted to CBSL and CBSL has granted approval for the same.
	e)	Check that the committee has considered a formal succession plan for the retiring directors and key management personnel.	Approved succession plan for KMP as of Feb 2023 is in place except for positions Head- Finance and Head- Chief Technology Office where Branch had decided to source externally. Succession plan of CCO has been approved by the COO- APAC and CCO Singapore and Succession plan of other KMP approved by the CCO/GM for SL. We have seen email communications dated 02.01.2023 and 14.02.2023 respectively for approval of above succession plans as evidence. As per Head of HR, they are in the process of finalizing the succession plan for the year 2024.
3(6)(v)	Does the following rules apply in relation to the Integrated Risk Management Committee (IRMC) :		
	a)	The committee shall consist of at least three non-executive directors, CEO and key management personnel supervising broad risk categories, <i>i.e.</i> , credit, market, liquidity, operational and strategic risks and work within the framework of the authority and responsibility assigned to the committee.	Not applicable as Sri Lanka branch operates as a fully-fledged branch of Deutsche bank. However, there is a separate committee at branch level to assess risk. Risk Management of the branch is clearly laid out in the Risk Management Framework (RMF).
	b)	Check that the committee has a process to assess all risks, <i>i.e.</i> , credit, market, liquidity, operational and strategic risks to the bank on a monthly basis through appropriate risk indicators and management information. In the case of subsidiary companies and associate companies, risk management shall be done, both on a bank basis and group basis.	Branch has a process to assess risks, <i>i.e.</i> , credit, market, liquidity, operational and strategic risks on a monthly basis through appropriate risk indicators and management information. Further a risk dashboard and risk indicators with pre-approved limits are in place. There are no subsidiaries or associate companies established under Deutsche Bank, Colombo Branch.



c)		Check that the committee has reviewed 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>ALCO is the only management level committee which functions at Branch level. In addition to the annual review of TOR of ALCO done by the Group Governance Forum and Regional Treasurer, amendments to the TOR are informed and approved as and when required.</p> <p>Adequacy and effectiveness of ALCO has been evaluated against TOR on requirements such as frequency of meetings, composition etc and submitted to the ALCO at its meeting held on 27.10.2023 for information.</p> <p>ALCO is represented by most of the BMB members of DB Colombo Branch.</p>
d)		Check that the committee has reviewed and considered all risk indicators which have gone beyond the specified quantitative and qualitative risk limits.	Risk limits are reviewed from time to time at branch level.
g)		Check that the committee submits a risk assessment report within a week of each meeting to the board seeking the board's views, concurrence and/or specific directions.	Risk Management Division submits a risk assessment report to the BMB on a quarterly basis on Top Risks. We have seen BMB minutes dated 26.07.2023 and 28.11.2023 as evidence.
h)		Check that the committee has 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 and that there is a dedicated compliance officer selected from key management personnel to carry out the compliance function and report to the committee periodically.	<p>Branch has established a compliance function to assess compliance with laws, regulations, regulatory guidelines and approved policies.</p> <p>The Compliance Officer who is a KMP and two other staff members cover all aspects of Compliance and Anti-Money Laundering in line with CBSL directions.</p> <p>Compliance Officer submits a paper on 'Compliance & AFC update' to each Branch Management Board (BMB) on a monthly basis.</p> <p>As an example, we have seen that 'Compliance and AFC update' submitted to BMB on 18.12.2023 which includes Compliance status of new regulations, Regulatory Ratios, Matters awaiting a response from CBSL, Regulatory Reporting, Action points from CEO's CBSL meeting, Breaches, AFC, status of Group audit, Personal Data Protection Act etc.</p>



3(7)	Related party transactions		All Related Party transactions are measured under the predetermined Head Office Policy.
3(7)(ii)	Check that there is a process to identify and report the following types of transactions been identified as transactions with related parties that is covered by this Direction.		
	a)	The grant of any type of accommodation, as defined in the Monetary board's Directions on maximum amount of accommodation.	
	b)	The creation of any liabilities of the bank in the form of deposits, borrowings and investments.	
	c)	The provision of any services of a financial or non-financial nature provided to the bank or received from the bank.	
	d)	The creation or maintenance of reporting lines and information flows between the bank and any related parties which may lead to the sharing of potentially proprietary, confidential or otherwise sensitive information that may give benefits to such related parties.	
3(7)(iii)	Does the board have a process to ensure that the bank does not engage in transactions with related parties as defined in Direction 3(7)(i) above, in a manner that would grant such parties "more favorable treatment" than that accorded to other constituents of the bank carrying on the same business		All Related Party transactions are measured under the predetermined Head Office Policy.
	a)	Granting of "total net accommodation" to related parties, exceeding a prudent percentage of the bank's regulatory capital, as determined by the board.	
		For purposes of this sub-direction:	
		1. "Accommodation" shall mean accommodation as defined in the Banking Act Directions, No.7 of 2007 on Maximum Amount of Accommodation.	



		<p>II. The "total net accommodation" shall be computed by deducting from the total accommodation, the cash collateral and investments made by such related parties in the bank's share capital and debt instruments with a maturity of 5 years or more.</p>	
	b)	<p>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>	
	c)	<p>Providing of preferential treatment, such as favorable 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>	
	d)	<p>Providing services to or receiving services from a related-party without an evaluation procedure;</p>	
	e)	<p>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>	
	c)	<p>Check that there is a process to identify any director who fails to comply with the above sub-directions be deemed to have vacated the office of director and has the bank disclose such fact to the public</p>	
	d)	<p>Check the process in place to ensure clause 3 (7) (v) (c) does not apply to any director who at the time of the grant of the accommodation was an employee of the bank and the accommodation was granted under a scheme applicable to all employees of such bank</p>	



3(7)(vi)	Check that there is a process in place to identify when the bank grants any accommodation or "more favorable treatment" relating to the waiver of fees and/or commissions to any employee or a close relation of such employee or to any concern in which the employee or close relation has a substantial interest other than on the basis of a scheme applicable to the employees of such bank or when secured by security as may be approved by the Monetary board in respect of accommodation granted as per Direction 3(7)(v) above.	Accommodation has not been given to employees on a favorable basis other than the general schemes applicable to all employees of the branch.
3(7)(vii)	Check that there is a process to obtain prior approval from the Monetary board for any accommodation granted by a bank under Direction 3(7)(v) and 3(7)(vi) above, nor any part of such accommodation, nor any interest due thereon been remitted without the prior approval of the Monetary board and any remission without such approval is void and has no effect.	All Related Party transactions are measured under the predetermined Head Office Policy.
3(8)	Disclosures	
3(8)(i)	Check that the board has disclosed:	
	(a) Annual audited financial statements prepared and published in accordance with the formats prescribed by the supervisory and regulatory authorities and applicable accounting standards, and that such statements published in the newspapers in an abridged form, in Sinhala, Tamil and English.	Annual audited financial statements prepared and published accordingly.
	(b) Quarterly financial statements are prepared and published in the newspapers in an abridged form, in Sinhala, Tamil and English.	
3(8)(ii)	Check that the board has made the following minimum disclosures in the Annual Report:	
	a) The 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.	Annual audited financial statements and quarterly financial statements of Deutsche Bank AG- Colombo Branch are prepared as per Sri Lanka Accounting Standards and directives issued by the CBSL. As per their report, 'Confirmation of annual accounts (per SLFRS/LKAS) and certification signed off by CCO and Head of Finance'.



b)	The 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.	As per their Corporate Governance Report, 'Certification issued by the Head of the Office supervising Sri Lanka Operations will be submitted to CBSL'.
c)	Board has obtained the Assurance Report issued by the auditors under "Sri Lanka Standard on Assurance Engagements SLSAE 3050 -Assurance Reports for Banks on Directors' Statements on Internal Control" referred to in Direction 3(8)(ii)(b)above.(CBSL letter ref. 02/17/550/002/003 dated 29.03.2012).	A confirmation from external auditors (EY) had been obtained in the form of a separate report and will be submitted to CBSL, along with the Statement of Internal Control.
e)	Total net accommodation as defined in 3(7) (iii) granted to each category of related parties. The net accommodation granted to each category of related parties shall also be disclosed as a percentage of the bank's regulatory capital.	Not applicable as Sri Lanka branch operates as a fully-fledged branch of Deutsche bank.
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.	Required disclosures have been made in their Corporate Governance Report 2023 under 3(8)(ii)(f). We have seen Corporate Governance report shared by COO which is to be forwarded to the CBSL by the DB Colombo branch for the year 2023.
g)	Confirmation by the Board in its annual corporate governance report that all the findings of the "Factual Findings Report" of auditors issued under "Sri Lanka Related Services Practice Statement 4750" have been incorporated in the Annual Corporate Governance Report. (CBSL letter ref. 02/17/550/002/003 dated 29.03.2012)	Sri Lanka Branch obtains External auditor's Factual Findings Report and forward their Head Office annual corporate governance report to CBSL together with the branch report.



	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.	As confirmed by the COO, a letter signed by Head of the Office supervising Sri Lanka operations will be submitted to CBSL in this regard.
	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 the Director of Bank Supervision, if so directed by the Monetary board to be disclosed to the public, together with the measures taken by the bank to address such concerns	Required disclosures have been made in their Corporate Governance Report 2023 under 3(8)(ii)(i). We have seen Corporate Governance report shared by COO which is to be forwarded to the CBSL by the DB Colombo branch for the year 2023.
	3(9)	Transitional and other general provisions	
	3(9)(iii)	This Direction shall apply to the branches of the foreign banks operating in Sri Lanka to the extent that it is not inconsistent with the regulations and laws applicable in such bank's country of incorporation. The branch of a foreign bank shall also publish its parent bank's annual corporate governance report together with its annual report and accounts of the branch operations in Sri Lanka.	<p>Group financials and a summary of Parent's Bank Annual Corporate Governance has been published in English, Sinhala and Tamil newspapers and local website.</p> <p>As an example, we have seen Group financials and a summary of Parent's Bank Annual Corporate Governance of 2nd and 3rd Quarters - 2023 published on 25.08.2023 and 29.11.2023 respectively in below newspapers.</p> <ul style="list-style-type: none"> ▪ Daily FT - English ▪ Derana Aruna - Sinhala ▪ Thinakkural - Tamil <p>Head office annual corporate governance report gets forwarded to Central Bank by the Colombo office as requirement states.</p>

