



Questions received from the TAX3 Committee at European Parliament



Question 1	Response
<p>Why has Deutsche Bank been mentioned in different money laundering cases? Panama Papers, Danske Bank (allegedly 4/5 of Russian clients used DB services).</p>	<p>Deutsche Bank has recently been mentioned in the media in connection with the Panama Papers and Danske Bank.</p> <p><b><u>Panama Papers:</u></b></p> <p>In April 2016, materials referred to as the “Panama Papers” became public. This initiated a discussion in the media on so-called “offshore structures” that could be used for money laundering, tax evasion, or other financial crimes. When the papers were leaked, Deutsche Bank formed a task force to review clients or activities referred to in the “Panama Papers”.</p> <p>On November 29 and 30, 2018, officers of the Frankfurt Public Prosecutor's Office and further authorities searched Deutsche Bank premises in the Frankfurt area. In a public statement, the Frankfurt Public Prosecutor’s Office alleged that the Bank assisted clients in setting up offshore companies in tax havens and that funds from criminal activity were transferred to Deutsche Bank accounts without the Bank disclosing that activity in Suspicious Activity Reports. As set forth in the German search warrant, the allegations relate to a subsidiary of the Bank’s former Global Trust Solutions business, which the Bank sold in March 2018. As the Frankfurt Public Prosecutor’s Office has stated publicly, Deutsche Bank has fully cooperated with their requests</p> <ul style="list-style-type: none"> <li>▪ Deutsche Bank takes the allegations by the Frankfurt Prosecutor’s Office, and the prior allegations made in the Panama Papers, very seriously. Deutsche Bank conducted an internal review following the release of the Panama Papers, and is investigating the allegations that led to the recent law enforcement action in Frankfurt.</li> <li>▪ Deutsche Bank is committed to conducting a robust and independent review of these matters. Whilst there are perfectly legal and legitimate reasons for using international (or “offshore”) financial centres and legal entity structures, we also recognise that offshore financial centres and legal entity structures have sometimes been used for improper and/or unlawful purposes across the marketplace.</li> <li>▪ The Frankfurt Prosecutor’s investigation is still ongoing, and for that reason we cannot comment on any specific facts, findings, or circumstances at this time.</li> <li>▪ Deutsche Bank is firmly committed to implementing policies and procedures that are designed to prevent illegal activity including tax evasion, fraud, money laundering, or other criminal</li> </ul>



	<p>activity. The Bank continuously assesses its businesses, products and control environment, and takes appropriate corrective action where necessary.</p> <ul style="list-style-type: none"><li>▪ The Management Board and Supervisory Board, and our regulators, are being kept updated on the progress of our internal review.</li><li>▪ Deutsche Bank has been informed in January 2018, that the BaFin has closed their investigation and does not expect further steps from the Bank.</li></ul> <p><b><u>Danske Bank:</u></b></p> <p>Deutsche Bank acted as one of the correspondent banks for Danske Bank in Estonia. Our role was to process payments for Danske Bank. When processing these payments we did not deal with Danske Bank's clients directly.</p> <p>According to recent press reports, regulatory and law enforcement agencies in several jurisdictions are investigating the movement of more than USD 200 billion between 2007 and 2015 through Danske Bank A/S, Estonia Branch (Danske Bank Estonia). Danske Bank Estonia has been publicly linked to a number of alleged money laundering operations. Deutsche Bank terminated its USD and EUR correspondent banking relationship with Danske Bank Estonia in October 2015, precipitated by, amongst other things, findings from the Bank's internal monitoring and reviews.</p> <p>Deutsche Bank has received requests for information from certain regulatory and law enforcement agencies concerning its relationship with Danske Bank. The bank continues to provide information to and otherwise cooperate with the investigating agencies.</p> <p>In addition, the bank is conducting an independent internal investigation of its relationship with Danske Bank. This is being led by DB's internal Audit department. The investigation is well underway but it is premature to predict when it will be complete.</p> <p>Please understand that we cannot comment further on the detailed facts, findings, or circumstances of the investigation, as it is ongoing and premature disclosure of such information would not be responsible and may compromise the investigation.</p>
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Question 2	Response
What are the results of internal reports? What has been the assessment in each case? What have been the consequences?	As outlined under Question 1, internal investigations were conducted, or are underway, looking into the circumstances of the “Panama Papers”, and “Danske”. While we have so far not identified any indication of misconduct, please understand that we cannot disclose further details about ongoing internal investigations.



Question 3	Response
<p>Has any employee in any country been under criminal investigation?</p>	<p><b>Danske Bank:</b> We are not aware that any Deutsche Bank employees are under criminal investigation.</p> <p><b><u>Panama/Frankfurt Search Warrants</u></b> It was publicly reported that two employees of Deutsche Bank were mentioned in the search warrant executed by the Public Prosecutor at the end of November last year. Deutsche Bank is supporting the official investigation fully. We have not found evidence to date that either of the two named employees knowingly or wilfully engaged in any wrongdoing. The Bank’s HR function is kept continually apprised of the results of any investigation and will take appropriate action with respect to any employee whose conduct fell short of required or expected standards of conduct.</p>



Question 4	Response
<p>Please describe the activity of the DB area responsible for AML, procedures and practices.</p>	<p>The Management Board of Deutsche Bank and I as the Head of AFC are fully committed to and are investing further in measures for the prevention of money laundering, the combating of the financing of terrorism, the observance of financial and trade sanctions, the fighting of other criminal activities including the combating of corruption and bribery. Key tasks in order to operationalize this mission include among others:</p> <ul style="list-style-type: none"> <li>• Review and improvement of our global strategy for the prevention of financial crime, including further development of internal policies and procedures</li> <li>• Establishment of institution-specific risk analysis, from which individual controls are derived</li> <li>• Controls to ensure proper implementation of rules as depicted in the policy framework</li> <li>• Provide advice to the businesses and conduct bank-wide training on Anti-Financial Crime topics</li> <li>• Handling of internal and external suspicious activity alerts (reports) and filing of reports or criminal charges with the authorities</li> <li>• Ensuring that the development of new products and the processes for the establishment of new lines of business prudently adhere to both the applicable Laws and regulations as well as DB’s internal policies regarding Anti Financial Crime</li> </ul> <p>The objective of these activities is to protect Deutsche Bank from being misused for any act of financial crime, including among other things money laundering, terrorism financing, sanctions or fraud.</p>



Question 5	Response
<p>Please describe the evolution and improvements of DB AML/tax evasion controls since the first case.</p>	<p>Deutsche Bank has significantly strengthened its systems and controls. We have implemented new rules and procedures in line with regulatory standards:</p> <ul style="list-style-type: none"> <li>• The AFC function was completely reorganized, including a separation from Compliance and a direct reporting line of the Head of AFC into the responsible Management Board member</li> <li>• The bank now has an AFC Charter, which clearly states our commitment to combating financial crime;</li> <li>• A number of supporting policies, such as KYC and Global Sanctions, have been updated and enhanced;</li> <li>• We have strengthened our existing transaction monitoring processes and stopped sampling in all relevant countries;</li> <li>• We have implemented a client risk rating engine and enhanced KYC processes in the business;</li> <li>• We have established a Financial Crime Investigations Unit, which works with government authorities to track the patterns and threats of financial crime. Our Financial Crime Investigations Unit in the UK was instrumental in working with the National Crime Agency during the London Bridge terror attack in 2017.</li> <li>• Further, we have considerably increased staff numbers in Anti-Financial Crime and more than tripled our staff since 2015.</li> <li>• We have also focused on providing the necessary AFC training to employees to ensure that they have the knowledge and skills to appropriately identify, assess and mitigate financial crime risks.</li> </ul>



Question 6	Response
<p>What is DB approach towards Russian clients?</p>	<p>Deutsche Bank Group applies all relevant international and local laws and regulations in relation to Know Your Customer, business selection and transactions. Further, Deutsche Bank is applying diligent screening procedures to all customers, e.g. sanctions &amp; embargoes, adverse media or screening for politically exposed persons.</p> <p>All clients, industries and countries are risk-assessed before any business is conducted, and regularly thereafter. This also includes analysis of any special risk situations (e.g. countries with higher propensity for money laundering, special clients such as Politically Exposed Persons etc.). For high-profile clients or transactions we also follow a stringent Reputational Risk process.</p> <p>Through our staff in Deutsche Bank Moscow we possess the requisite market knowledge and expertise to conduct business locally, as well as through our global hubs with Russian customers abroad.</p> <p>As part of our efforts to simplify the bank, we closed our onshore investment banking business in Russia in 2016. We also increased the number of countries defined as having higher risk weightings from approximately 30 to approximately 100. This requires the bank to perform enhanced due diligence when onboarding entities from those countries.</p>





Question 7	Response
<p>What can you indicate regarding DB involvement in the Cum Ex case?</p>	<p>Deutsche Bank did not participate in the so-called “organized” cum/ex market, neither as a short seller nor as a cum/ex purchaser of shares, and has not claimed withholding tax in relation to such transactions. Consequently, we are not a party in proceedings with German tax authorities in relation to withholding tax credits or refunds for its own account in connection with cum/ex transactions. However, as a large market participant, Deutsche Bank was involved its clients’ cum/ex transactions. The bank continuously responds to requests for information from authorities regarding possible cum/ex transactions of clients. Deutsche Bank is cooperating fully with the authorities, providing all information requested and supporting the authorities as far as possible and permissible in addressing the facts of the matter.</p>