

d. GA reviewed the statistics provided in the MRC deck (page 48) and noted: 0 permanent exceptions granted for high-risk KYCs; and 4 permanent exceptions granted on low and moderate KYCs. GA filtered the "Permanent Exceptions" report for April 2017 by column F, "Primary officer / RM Approval date" which resulted in one temporary exception. However, the MIS report shows 4 permanent exceptions granted in April 2017.

2. For the month of July (reported in August) for Private Bank:

The MRC deck totals for Private Banking July NCA are as follows: 14 low-risk clients; 4 moderate-risk clients; and 8 high-risk clients. However, the NCA Report from DbForce shows:

- 7 high-risk NCAs; not 8 as reflected in MRC deck;
- 6 moderate-risk NCAs; not 4 as reflected in MRC deck; and
- 11 low-risk clients; not 14 as reflected in MRC deck.

3. For the month of September (reported in October):

- For *Private Bank*, MRC slide 146 of the MRC deck reflects incorrect statistics. For "Key Risk Drivers for High Risk NCAs" & September Key Risk Drivers for High Risk NCAs do not include September 2017 totals. As such, GA did a comparison of metrics WM AFC provided to the MI team for September. GA noted the following numbers WM AFC provided to the MI team: 14 low-risk, 15 moderate risk, and 2 high risk. However, the NCA report GA ran showed as follows: 5 high-risk NCAs, not 2 high risk as WM AFC reported; 14 moderate-risk NCAs, not 15 as WM AFC reported; and 14 low-risk NCAs (no discrepancy)

- For *Brokerage*, MRC slide 146: GA was unclear as to whether the "Key Risk Drivers for High Risk NCAs" and "August Key Risk Drivers for High risk NCAs" were intended to be duplicates. In previous month(s), the total were different in both charts. There is a discrepancy in the breakdown between the two charts. Neither population breakdown reconciles against the source report, *PershingAccountsWithAmIRiskDesignation*, which reflects four (4), not three (3), key risk drivers, as follows:

- A04 (locally / divisionally defined high risk countries),
- B11 (healthcare and pharmaceutical),
- B13 (locally / divisionally defined risk industries),
- and C02 (doubtful reputation/negative information).

Further, one chart reflects a total of 5 NCAs across 3 key risk drivers, and the other chart reflects 9 NCAs across 3 risk drivers. However, per *PershingAccountsWithAmIRiskDesignation* report, there are only 3 NCAs.

4. For the month of October (reported in November) for Private Bank:

- Slide 162 of the MRC deck reflects: 29 low-risk clients; 14 moderate-risk clients; and 3 high-risk clients. However, per the NCA Report GA ran, the totals were as follows:

- 2 high-risk NCAs, not 3 as reflected in the MRC deck;
- 13 moderate-risk NCAs, not 14 as reflected in the MRC deck; and
- 29 low risk-clients (no discrepancy)

Thanks.

Regards,

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