

UNITED STATES OF AMERICA  
BEFORE THE  
BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM  
WASHINGTON, D.C.

Written Agreement by and among:

DEUTSCHE BANK AG  
Frankfurt, Germany

DEUTSCHE BANK AG NEW YORK BRANCH  
New York, New York

DB USA CORPORATION  
New York, New York

DEUTSCHE BANK TRUST  
COMPANY AMERICAS  
New York, New York

DWS USA CORPORATION  
New York, New York

and

FEDERAL RESERVE BANK OF NEW YORK  
New York, New York

Docket Nos. 23-013-WA/RB-FB  
23-013-WA/RB-FBR  
23-013-WA/RB-HC  
23-013-WA/RB-SM

WHEREAS, Deutsche Bank AG, Frankfurt, Germany (“Deutsche Bank”) is a foreign bank as defined in section 1(b)(7) of the International Banking Act (12 U.S.C. § 3101(7)) that controls a large complex financial organization that consists of a number of separate business lines and legal entities in many countries around the world;

WHEREAS, Deutsche Bank conducts operations in the United States through a branch office located in New York, New York (the “Branch”) and through its U.S. intermediate holding companies (“IHCs”), DB USA Corporation, New York, New York (“DB USA”), which owns

and controls Deutsche Bank Trust Company Americas, New York, New York (“DBTCA”), a state-chartered bank that is a member of the Federal Reserve System, and DWS USA Corporation (“DWS USA”), Deutsche Bank’s majority-owned asset management IHC, and various other offices and subsidiaries (collectively, the “U.S. Operations”);

WHEREAS, the Board of Governors of the Federal Reserve System (the “Board of Governors”) is the appropriate federal supervisor in the United States of Deutsche Bank, DB USA, DWS USA, DBTCA, and the Branch (collectively, the “Firm”);

WHEREAS, Deutsche Bank oversees the entities within the global organization and has the responsibility and authority to allocate staffing and other resources necessary to maintain an adequate risk management framework;

WHEREAS, consistent with section 252.155(a)(2) of Regulation YY of the Board of Governors (12 C.F.R. 252.155(a)(2)), DB USA and DWS USA are required to maintain a U.S. risk management program designed to identify and manage risks across the U.S. Operations;

WHEREAS, at different points at least since 2012, Federal Reserve Bank of New York (“Reserve Bank”) supervisors have identified various deficiencies in governance, risk management, and internal controls across the Firm’s U.S. Operations and, although more recently the Firm has made some progress in remediating these deficiencies particularly with respect to liquidity risk management, the Firm must continue to implement additional improvements;

WHEREAS, certain, but not all, of the deficiencies identified by the Reserve Bank relate to DWS USA and its subsidiaries, including certain services provided by DB USA and other Deutsche Bank entities to DWS USA and its subsidiaries;

WHEREAS, additional financial and managerial support from Deutsche Bank is needed

to remediate the weaknesses described above and ensure effective risk management and internal controls for its U.S. Operations, and Deutsche Bank has stated its commitment to provide this support;

WHEREAS, the material failure to remediate the deficiencies described herein may require additional and escalated formal actions by the Board of Governors against the Firm, including a cease-and-desist order, monetary penalties or additional affirmative corrective actions pursuant to section 8(b)(6) of the FDI Act (12 U.S.C. § 1818(b)(6)) or other applicable authorities;

WHEREAS, it is the common goal of the Firm and the Reserve Bank that the Firm operate in a safe and sound manner and in compliance with all applicable federal laws, rules, and regulations;

WHEREAS, the Firm and the Reserve Bank have mutually agreed to enter into this Written Agreement (the "Agreement"); and

WHEREAS, Deutsche Bank's Management Board, and the Boards of DB USA, DBTCA, and DWS USA, at duly constituted meetings, adopted resolutions authorizing Deutsche Bank and the Branch, DB USA, DBTCA, and DWS USA, respectively, to enter into this Agreement, and whereas pursuant to delegated authority, the undersigned signatories for Deutsche Bank, the Branch, DB USA, DBTCA, and DWS USA enter into this Agreement on behalf of Deutsche Bank, the Branch, DB USA, DBTCA, and DWS USA, respectively, and consent to compliance with each and every provision of this Agreement by Deutsche Bank, the Branch, DB USA, DBTCA, and DWS USA, respectively.

NOW, THEREFORE, Deutsche Bank, the Branch, DB USA, DBTCA, DWS USA, and the Reserve Bank hereby agree as follows:

## **U.S. Transformation & Remediation Office**

1. Within 60 days of the effective date of this agreement, the Firm shall submit a written plan acceptable to the Reserve Bank to enhance the oversight, effectiveness, and comprehensiveness of its U.S. Transformation & Remediation Office (“USTRO”) so that root causes of issues are addressed in a holistic and timely manner. The plan shall include the following three items:

(a) measures to ensure the oversight, stature, and breadth of expertise of the USTRO by:

(i) ensuring sufficient escalation and communication of issues to senior management and directors, including through effective ownership and accountability of the business line functions and risk management staff for the execution of remedial efforts;

(ii) enhancing head office managerial support so that the USTRO has the sponsorship and breadth of resource expertise to ensure credible remediation plans and accountability for effective execution; and

(iii) ensuring that the USTRO has sufficient financial resources and experienced personnel for effective challenge, escalation, and review of supervisory issues to assist in developing holistic solutions that address root causes of deficiencies;

(b) measures to ensure effective and sustainable outcomes from project management remediation plans with attention to: (i) specific timelines, (ii) any applicable data integrity issues, (iii) resource management, and (iv) detailed plans for identifying and tracking of both inter- and intra-dependencies for comprehensiveness and accountability; and

(c) measures to ensure that the USTRO proactively communicates concerns regarding remediation plan design and execution to the internal audit function and the DB USA

Regulatory Remediation Committee so that incentives are properly aligned with corrective remediation efforts.

### **Enterprise Data Management Program**

2. Within 90 days of the effective date of this Agreement, the Firm shall submit a written plan acceptable to the Reserve Bank to enhance the Firm's enterprise data management ("EDM") program to ensure that its U.S. Operations are supported by a comprehensive and effective program that is aligned with the Firm's risk management, controls, financial, regulatory, and business needs. The plan shall include or provide for delivery of the following five items:

- (a) a comprehensive strategy guiding the EDM program that:
  - (i) describes the current state of the program, defines a target state, and establishes a roadmap to achieve the target state with accountabilities for delivery;
  - (ii) includes an initial state assessment of major business processes for Risk, Finance, and Treasury that identify, characterize, and prioritize inherent risks and capability gaps between the current state and target state; and
  - (iii) incorporates planning for compensating controls, measures of success and outcomes, and management of EDM program risks and intra- and inter-dependencies with other programs or priorities;
- (b) establishment of formal and effective governance around the management of data assets, including:
  - (i) governance around data definitions, standards, artifacts, and key data management processes; and
  - (ii) well-defined roles and responsibilities pertaining to the management and ownership of data assets;

(c) establishment of clear definitions of critical business capabilities that rely on effective data management and align with the Firm’s needs and priorities across other functions;

(d) development of a target enterprise data architecture that incorporates rigorous enterprise data standards, definitions, and protocols and clearly defines core data management components; and

(e) implementation of a rigorous ongoing operating model to manage data assets that includes the following capabilities: creation and ongoing maintenance of data lineage information; data lifecycle management; data issue identification and remediation; data quality measurement and management; and data quality controls.

### **Risk and Control Self-Assessment**

3. Within 60 days of the effective date of this Agreement, the Firm shall submit a written plan acceptable to the Reserve Bank to strengthen the Firm’s Risk and Control Self-Assessment (“RCA”) methodology. The plan shall provide for an effective RCA framework that includes the following six items:

(a) proactive identification and assessment of new and emerging risks, in addition to the assessment of previously identified inherent risks;

(b) processes to sufficiently capture the discrete business processes, risks, and key controls within the firm’s sub-business lines;

(c) an effective methodology for assessing, substantiating, and documenting the effectiveness of controls throughout end-to-end business processes;

(d) active first line ownership of the RCA process;

(e) independent risk management involvement in the RCA process consistent with the ability to exercise full independence in program review and challenge; and

(f) development of remediation measures or risk acceptance recommendations to address identified control deficiencies.

### **Model Risk Management**

4. Within 60 days of the effective date of this Agreement, the Firm shall submit a written plan acceptable to the Reserve Bank to improve the Firm's model risk management ("MRM") governance and control practices across its U.S. Operations. The plan shall include the following six items:

(a) measures by the DB USA Risk Committee to ensure effective oversight of MRM, including setting direction for the MRM program, delegating appropriate responsibility through policies, and commissioning actionable information on board-approved risk tolerances;

(b) measures by senior management to improve MRM governance and controls, including:

(i) implementing a consistent process that enables an accurate assessment of model risk relative to board-approved risk tolerances;

(ii) developing clear and comprehensive policies and procedures that provide appropriate detail for significant control processes and risks, define roles and responsibilities, and include consistent approaches for model development and validation;

(iii) developing guidelines for compensating controls; and

(iv) providing sufficient training to stakeholders;

(c) measures by senior management to establish a comprehensive model identification process and inventory control process to support measurement, monitoring, assessment, and reporting of model risk across all business and risk management activities;

(d) measures by senior management to ensure that the standards and practices that guide model development are appropriate and effective, including by:

(i) establishing a model development process that employs a risk-based approach by placing higher priority on addressing areas with more prominent weaknesses, including data, rigor of methodologies employed, developmental testing, documentation of key limitations and uncertainties;

(ii) implementing control processes and documentation that transparently reflect all stages of model development including a comprehensive analysis of data, conceptual soundness, comparison with alternative approaches, and model usage to enable validation staff to provide effective challenge; and

(iii) establishing and enforcing an ongoing monitoring process requiring status monitoring by model owners with escalation to the MRM function, as appropriate;

(e) measures by senior management to ensure that the standards and practices that guide model validation are appropriate and effective, including the following:

(i) employing an independent and consistent approach to model validation processes that prioritizes validation activities and rigor based on risk and materiality;

(ii) developing a validation approach (including documentation) that follows internal standards and evidences key components of the validation process such as evaluation of conceptual soundness, ongoing monitoring, and outcomes analysis; and



(iii) establishing a validation issue tracking process that appropriately categorizes validation findings based on risk and materiality and includes an escalation procedure for material issues and past due issues; and

(f) measures by the internal audit function to establish an approach to evaluate the effectiveness of the MRM control framework that incorporates an overall well-supported assessment of the framework and is regularly reported to the audit committee.

### **Liquidity Risk Management**

5. Within 60 days of the effective date of this Agreement, the Firm shall submit to the Reserve Bank an acceptable written plan for completion of the enhancement of its liquidity risk management function of its U.S. Operations. The plan shall include the following three items:

(a) enhancements to the analytics and reporting of U.S. dollar balance sheet and cash flows (business line and legal entity), repo book (matched book versus firm financing), and funding counterparty concentrations;

(b) enhancements to the stress testing assumptions, including an analysis of current weaknesses in liquidity stress testing, a re-evaluation of stress to ensure proper reflection of adverse scenarios, and the need to include a greater number of sources of potential liquidity strains and plausible adverse scenarios; and

(c) establishment of information technology priorities to reduce human error in MIS systems reporting, and improve the ability to conduct ad hoc reporting.

### **Regulatory Reporting**

6. Within 60 days of the effective date of this Agreement, the Firm shall submit a written plan acceptable to the Reserve Bank to ensure compliance with the Board of Governors' regulatory reporting requirements. The plan shall include the following three items:

(a) measures to ensure the integrity of data used in complete regulatory reports, including a comprehensive review of product systems and customer information files;

(b) a regulatory reporting accountability and governance policy that, at minimum:

(i) creates an effective governance structure to identify, escalate, and monitor reporting errors;

(ii) specifies the roles and responsibilities of key stakeholders and data owners; and

(iii) provides for auditable periodic reviews of the timeliness and accuracy of all regulatory reports required by the Board of Governors; and

(c) training programs for key stakeholders (including but not limited to Finance and Risk staff) and measures to continue to enhance the level of regulatory reporting expertise within the Firm's compliance and internal audit groups.

### **Approval and Implementation**

7. (a) The Firm shall submit the written plans that are acceptable to the Reserve Bank within the applicable time periods set forth in paragraphs 1 through 6 of this Agreement. Each plan shall contain a timeline for full implementation of the plan with specific deadlines for completion of each component of the plan. Each plan shall also identify and include, directly or through incorporation by reference, any requirements under the applicable paragraphs of this Agreement that have been addressed in a written plan previously submitted by the Firm to the Reserve Bank. In addition, each plan shall specify the extent to which each Firm entity subject to this Written Agreement will be responsible for implementation and oversight of the plan or particular aspects of the plan;

(b) Within 10 days of acceptance by the Reserve Bank, the Firm shall adopt the approved plans. Upon adoption, the Firm shall promptly implement the approved plans and thereafter fully comply with them; and

(c) During the term of this Agreement, the approved plans shall not be amended or rescinded without the prior written approval of the Reserve Bank.

### **Progress Reports**

8. Within 30 days after the end of the first full calendar quarter following the date of this Agreement and each quarter thereafter, the Firm shall submit to the Reserve Bank written progress reports, in a form and manner acceptable to the Reserve Bank, detailing the form and manner of all actions taken to secure compliance with the provisions of this Agreement and the results thereof. At any time, the Reserve Bank may, in writing, discontinue the requirement for progress reports, request modification of form or content, or modify the reporting schedule.

### **Notices**

9. All communications regarding this Agreement shall be sent to:

- (a) Richard M. Ashton  
Deputy General Counsel  
Jason Gonzalez  
Assistant General Counsel  
Board of Governors of the Federal Reserve System  
20th & C Streets, N.W.  
Washington, D.C. 20551
- (b) Sukhpal Bhatti  
Assistant Vice President  
Federal Reserve Bank of New York  
33 Liberty Street  
New York, New York 10045

- (c) Thorsten Seyfried, General Counsel – Germany & EMEA  
Christine Hentke, Co-Head of Litigation & Regulatory Enforcement –  
Germany & EMEA  
Deutsche Bank AG  
Taunusanlage 12  
Frankfurt am Main  
Germany 60325
- (d) Andrew Stemmer, Deputy Global Head and Americas Head of Litigation  
and Regulatory Enforcement  
DB USA Corporation, Deutsche Bank Trust Company Americas,  
Deutsche Bank AG-New York Branch  
One Columbus Circle, Mail Stop NYC01-1962  
New York, NY 10019
- (e) Judith Rom  
Head of DWS Legal Americas  
DWS USA Corporation  
875 Third Avenue, Fl. 27  
New York, New York, 10022

#### **Miscellaneous**

10. Notwithstanding any provision of this Agreement to the contrary, the Reserve Bank may, in its sole discretion, grant written extensions of time to the Firm to comply with this Agreement. Any request by the Firm for an extension of time must be submitted to the Reserve Bank in writing.

11. The provisions of this Agreement shall be binding upon the Firm and each of its institution-affiliated parties, in their capacities as such, and their successors and assigns.

12. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated, or suspended in writing by the Reserve Bank.

13. The provisions of this Agreement shall not bar, estop, or otherwise prevent the Board of Governors, the Reserve Bank, or any other federal or state agency from taking any other action affecting Deutsche Bank, the Branch, DB USA, DBTCA, DWS USA, any of their

subsidiaries, or any of their current or former institution-affiliated parties or their successors and assigns.

14. Pursuant to section 50 of the FDI Act (12 U.S.C. § 1831aa), this Agreement is enforceable by the Board of Governors under section 8 of the FDI Act (12 U.S.C. § 1818).

IN WITNESS WHEREOF, the parties have cause this Agreement to be executed as of  
the 17th day of July, 2023.

DEUTSCHE BANK AG

FEDERAL RESERVE BANK OF  
NEW YORK

By:       /s/ Thorsten Seyfried        
Thorsten Seyfried  
General Counsel – Germany & EMEA

By:       /s/ William Brodows        
William Brodows  
Senior Vice President

By:       /s/ Christine Hentke        
Christine Hentke  
Co-Head of Litigation & Regulatory  
Enforcement – Germany & EMEA

DEUTSCHE BANK AG NEW YORK BRANCH

By:       /s/ John Farry        
John Farry  
General Counsel Americas

By:       /s/ Andrew Stemmer        
Andrew Stemmer  
Deputy Global Head & Americas  
Head of Litigation & Regulatory Enforcement

DB USA CORPORATION

By:       /s/ John Farry        
John Farry  
General Counsel Americas

By:       /s/ Andrew Stemmer        
Andrew Stemmer  
Deputy Global Head & Americas  
Head of Litigation & Regulatory Enforcement

DEUTSCHE BANK TRUST COMPANY AMERICAS

By:       /s/ John Farry        
John Farry  
General Counsel Americas

By:       /s/ Andrew Stemmer        
Andrew Stemmer  
Deputy Global Head & Americas  
Head of Litigation & Regulatory Enforcement

DWS USA CORPORATION

By:       /s/ Judith Rom        
Judith Rom  
Head of DWS Legal Americas

By:       /s/ Lauryn Hart        
Lauryn Hart  
Head of DWS Litigation and Regulatory Enforcement