

Imposition of Monetary Penalty – Deutsche Bank AG London Branch (“DBLB”)

SUMMARY

1. On 30 April 2026 the Office of Financial Sanctions Implementation (“OFSI”), part of HM Treasury, imposed a penalty of £165,000.00 on Deutsche Bank AG London Branch (“DBLB”), in accordance with section 146 of the Policing and Crime Act 2017 (“PACA”). DBLB is a branch of Deutsche Bank AG.
2. The penalty was imposed for breaches of the Russia (Sanctions) (EU Exit) Regulations 2019 (the “Russia Regulations”), namely regulation 12 which prohibits (among other conduct) making funds available to a person owned or controlled by a designated person.
3. DBLB processed two payments (one in June 2022 and another in July 2022) (the “Payments”) totalling £635,618.75 on behalf of a customer to a beneficiary, Okko LLC (“Okko”), a company wholly owned by the designated person JSC New Opportunities (UKSL ref: RUS1489).
4. OFSI imposed a monetary penalty on DBLB because it was satisfied, in relation to the Payments, that on the balance of probabilities, DBLB had breached prohibitions imposed by financial sanctions legislation.
5. DBLB voluntarily disclosed the Payments relevant to this case on 20 September 2022. As such, OFSI considered that DBLB was eligible for a voluntary disclosure discount.
6. OFSI issued DBLB a Notice of Intention to impose a monetary penalty on 12 September 2025. DBLB submitted formal representations to OFSI on 22 October 2025 and after consideration of representations received from DBLB, on 2 December 2025 OFSI upheld its original decision. On 23 January 2026, DBLB requested a Ministerial Review.
7. On 9 February 2026 OFSI introduced a new enforcement framework enabling the settlement of penalty cases. OFSI and DBLB agreed to enter formal settlement discussions on 4 March 2026 under transitional arrangements. Settlement was agreed on 30 April 2026 and OFSI imposed a revised monetary penalty of £165,000.00.

BACKGROUND

8. DBLB is the UK-based branch of the global financial institution Deutsche Bank AG. DBLB is subject to regulation by the Financial Conduct Authority and the Prudential Regulation Authority, and provides multinational investment and financial services.
9. In this case, DBLB was responsible for processing payment transactions for its customer, a non-UK person incorporated in the Republic of Ireland and subsidiary of a multinational firm headquartered outside of the UK. The Payments in this case were processed using the SWIFT messaging network.

10. The payment beneficiary in this case, Okko, is a Russian app developer that operates an online media streaming platform. Okko was a customer of DBLB's customer and was not itself a customer of DBLB. DBLB's customer (not Okko) instructed DBLB to process the Payments in question.
11. On 9 August 2018, PJSC Sberbank (UKSL Ref: RUS0256), Russia's largest bank, acquired majority control and full ownership of Okko. PJSC Sberbank remained the sole shareholder until 17 May 2022, when it sold Okko and its assets entirely to JSC New Opportunities. This sale and purchase occurred after PJSC Sberbank was designated by the UK on 6 April 2022 as it was assessed to be involved in obtaining a benefit from or supporting the Government of Russia. JSC New Opportunities was not designated under UK sanctions at the time it acquired Okko from PJSC Sberbank.
12. The designation of JSC New Opportunities was published by the Foreign, Commonwealth and Development Office on 29 June 2022 at 11:00 BST, with the statement of reasons noting that, in May 2022, companies offering digital services previously owned by PJSC Sberbank had been sold to JSC New Opportunities. As soon as JSC New Opportunities was designated, Okko again became subject to the prohibitions in the regulations by virtue of being owned or controlled by a designated person (within the meaning of regulation 7 of the Russia Regulations).
13. In assessing this case, OFSI applied the guidance in place at the time of the decision to issue notice of a penalty, which was the November 2024 "Financial sanctions enforcement and monetary penalties guidance" (the "Enforcement Guidance")
14. The breaches subject to penalty in this case occurred after the strict liability amendments to PACA came into effect on 15 June 2022.

THE BREACHES

15. Payment A was processed on 29 June 2022 to the equivalent value of £356,429.27. Its value date (when funds were released) was 30 June 2022. Payment B was processed on 27 July 2022 to the value of £279,189.48. Its value date was 28 July 2022. The Payments released funds to Okko, which was wholly owned by the designated person JSC New Opportunities.
16. At the time of the Payments, DBLB's third party screening vendor had incorporated the updates to the OFSI Consolidated List (now the UK Sanctions List), which included the designation of JSC New Opportunities. While DBLB conducted sanctions screening in respect of the beneficiary (Okko) for both Payments, no alert for Okko was generated in screening because, at the time of the Payments, the screening lists provided by DBLB's third-party screening vendor did not include data in relation to Okko's ownership.
17. Payment A was processed on the day of the public designation of JSC New Opportunities. OFSI concluded that it was a breach by virtue of the operation of the

PACA strict liability regime. OFSI assessed there was a narrow window in which DBLB's customer could potentially have instructed DBLB to cancel the payment before completion. In deciding to take enforcement action in relation to Payment A, OFSI considered it significant that another breach payment (Payment B), involving a payment to the same party, occurred approximately a month after Payment A. OFSI has also taken into account that Okko had previously been owned by PJSC Sberbank.

18. OFSI also noted one other payment, termed Payment C, was processed in April 2022 totalling £1,129,785.87 and made to Okko. On the particular facts in the case, OFSI did not treat Payment C as a breach of the prohibitions in the Russia Regulations as it occurred before the entry into force of the PACA strict liability regime.

CASE ASSESSMENT

19. OFSI takes several factors into account that could be assessed as aggravating or mitigating when determining how seriously to view a case (the "case factors"). Within these case factors, OFSI makes an overall assessment of the breach severity and the conduct of the person who has breached. With reference to the case factors set out in OFSI's Enforcement Guidance, the aggravating factors in this case were:
- a. DBLB processed two outgoing payments (A and B) in breach of the Russia Regulations, with a collective high value of £635,618.75 (case factor B).
 - b. Both payments were made directly to an entity wholly owned and controlled by a designated person. By breaching prohibitions and providing financial benefit to this entity, DBLB undermined the asset freeze and diminished its intended impact on Russia's behaviour (case factor C).
 - c. In 2022, sanctions imposed by the UK in respect of Russia were a strategic priority for the UK and its foreign policy, and remain so today (other relevant case factor within severity).
 - d. Under case factor E, OFSI considered the following:
 - i. At the time of the Payments, DBLB managed the financial sanctions risk posed by its customers in several different ways. This included using a combination of both direct consumption of the OFSI Consolidated List (now the UK Sanctions list) into DBLB's screening filters, as well as using a third-party list provider (which included ownership and control data) for sanctions screening for payments, as well as periodic customer due diligence measures. Through a combination of controls, DBLB asked relevant customers about the approach they took towards complying with their sanctions obligations. In the context of the customer which made the Payments to Okko, OFSI acknowledges that the relationship commenced prior to 2022 and DBLB was aware the customer engaged in transactions to Russia.

- ii. DBLB engaged in various meetings with the customer between March and May 2022 to discuss risks arising in relation to Russian payment flows and sanctions compliance matters relating to Russia and Belarus. Whilst these meetings demonstrate that DBLB was actively engaged with its customer during this challenging period, DBLB did not address or uncover how its customer assessed sanctioned party ownership-related risk, in particular the customer's reliance on a self-certification model, nor did it update its onboarding questionnaire to explicitly reference Russia sanctions (although OFSI acknowledges that DBLB did do this in 2024 as part of a wider package of sanctions enhancement, which OFSI welcomes).
- iii. OFSI considered the direct cause of these breaches related to issues arising in screening and accepts that DBLB (i) had no general legal requirement to conduct due diligence on its customer's customers and (ii) was aware that its customer in this case conducted sanctions screening of its customers and relied in part on third-party providers for ownership and control data. Nonetheless, OFSI had concerns with DBLB's risk management of this customer at the time the Payments were processed (in the context of a mid-2022 time period when DBLB's customer was instructing several payments to Russia based beneficiaries).
- iv. In particular, OFSI concluded that DBLB had been unaware that its customer did not augment its diligence process by affirmatively requesting ownership information from its downstream customers. OFSI considered this to be relevant at a time in mid-2022 when this position very likely contributed to the breaches. OFSI considered that DBLB had the opportunity to seek further information about the customer's systems and controls, which could have potentially resulted in greater oversight and understanding of payments being made to a higher risk jurisdiction.
- e. In considering DBLB's conduct, OFSI also took into account an earlier payment, Payment C, which was relevant to OFSI's case and bore similar characteristics to Payments A and B (case factor I).

20. Other case factors were considered on balance to be neither aggravating nor mitigating:

- a. At the time of the Payments, DBLB relied in part on a third-party provider for ownership and control data for sanctions screening to supplement the OFSI Consolidated List. OFSI acknowledges the value that third-party data providers can afford firms, such as DBLB, particularly where they have no direct relationship with the beneficiary in a payment and sanctions risk is therefore typically higher. However, DBLB remained ultimately responsible for ensuring it acts in compliance with financial sanctions when processing payments on behalf of its customers. In this case, the screening lists sourced by DBLB from a third-party screening vendor did not, at that point in time, include data in relation to Okko or its ownership, and therefore the transaction screening conducted did not generate an alert in relation to Okko or its ownership. Whilst OFSI does not

consider that DBLB has a general legal requirement to conduct its own open-source research on its customer's customer, there were multiple open-source media articles published in May 2022 which indicated the transfer of PJSC Sberbank's digital assets to JSC New Opportunities. DBLB's third-party vendor did not identify or reflect the information in these articles in the list information provided to DBLB, illustrating some of the risks of relying on such providers for ownership data. These risks were heightened by the withdrawal of information from Russian corporate registries (EGRUL) in mid-2022 and the passing of Russian legislation allowing the suppression or concealment of information in national public registers, which contributed to relevant ownership information not being captured by DBLB's third-party screening list provider at the time of the payments (case factor F).

- b. Whilst DBLB cooperated with OFSI's investigation and answered all voluntary questions, in OFSI's view some of the information provided was delayed, lacked detail and provided limited insight into the reasons for the breaches and, therefore, fell below expectations for a large, regulated institution (case factor K).

21. These factors were weighed against the mitigating factors in the case, which were as follows:

- a. Whilst there were publicly available press articles in May 2022 (prior to the Payments) stating the change in ownership in relation to Okko, there is no evidence that DBLB was aware of those press articles at the relevant time or that its third-party diligence provider was aware of this information. OFSI considered that DBLB had neither intent, knowledge nor cause to actually suspect that the Payments would be in breach of the Russia Regulations (case factor D).
- b. Payment A was completed very shortly after the public designation of JSC New Opportunities. The window of time available for DBLB's customer to instruct DBLB to cancel Payment A was therefore very limited, and it is only included as part of the penalty in this case because of the further breach, Payment B, occurring approximately a month later. OFSI does not necessarily expect payments completed very close to the time of designation, to be stopped by automated screening systems. OFSI therefore treated the timing of Payment A as mitigating (considered as an "other relevant factor" under severity).
- c. Voluntary disclosure was made by DBLB to OFSI on 20 September 2022 (case factor J).
- d. In its representations, DBLB disclosed a series of enhancements to its sanctions compliance framework implemented since the breach payments occurred. These measures include strengthening oversight of external third-party provider relationships, expanding sanctions list coverage with respect to Russia, including incorporating additional list vendors, and improvements to risk-based due diligence procedures. DBLB's risk appetite to Russia related payments has also

changed significantly since 2022 (considered as an “other relevant factor” under conduct).

22. In accordance with the Enforcement Guidance, OFSI assessed this case overall to be “serious” as opposed to “most serious”.
23. OFSI values voluntary disclosure and expects suspected breaches to be disclosed as soon as reasonably practicable after discovery. OFSI’s Enforcement Guidance states that a discount of up to 50% will be granted for prompt and complete voluntary disclosure in a case assessed as serious. OFSI considered that DBLB provided a prompt but incomplete voluntary disclosure of the breaches assessed in this case. The time between discovering the breaches and reporting them to OFSI should have afforded DBLB the opportunity to provide a more comprehensive and detailed account of the facts.
24. The total breach value in this case was £635,618.75. The permitted statutory maximum penalty was therefore £1,000,000. Accounting for all the case factors and DBLB’s representations, OFSI considered it reasonable and proportionate to impose a baseline penalty amount of £300,000. OFSI applied a 45% discount to reflect DBLB’s voluntary disclosure and settlement of the case under the transitional arrangements, and imposed a revised penalty of £165,000.

NOTES ON COMPLIANCE

25. UK financial sanctions apply to any conduct in the UK and to all UK persons (including legal entities established under UK law) anywhere in the world. Firms must ensure they comply with those UK financial sanctions that are in force. This case highlights three important compliance lessons for a wide range of industry stakeholders:
26. First, this case underlines the importance of firms maintaining suitably robust sanctions screening systems and processes, commensurate with their level of exposure to sanctions risk. While third-party screening tools are often a vital component of a firm’s control framework, firms must be aware of, and account for, the limitations of these, supplementing with their own processes where appropriate. This is particularly important in cases such as this, where sanctions apply as a result of ownership and control.
27. Second, firms should have strong sanctions onboarding procedures and regular, risk-based reviews of customers, particularly those operating in Russia or other higher risk jurisdictions. This should include an ongoing understanding of how their customers manage their own sanctions compliance risk (including in relation to transactions involving owned and controlled entities).
28. Third, this case demonstrates the value that complete, detailed, and prompt voluntary disclosure of potential breaches to OFSI can provide, and the criteria which OFSI will rely on when awarding a discount of less than the maximum permissible reduction of up to 50%. In this case, DBLB’s initial disclosure lacked detail and

provided OFSI with limited insight into the underlying reasons for the breaches. The reporting of suspected breaches can result in a discount of up to 30% as part of OFSI's new Voluntary Disclosure and Co-operation discount.

NOTES ON SETTLEMENT

29. This case was resolved by means of settlement. OFSI regards settlement as a means to achieve timely and efficient enforcement outcomes. Resolving cases through settlement reduces the resource burden on OFSI and subjects that would otherwise be spent through the contested monetary penalty process. It can also result in messages about financial sanctions compliance being published sooner. OFSI therefore considers that it is in the public interest for matters to settle, and settle early, if possible.
30. Settlement is an agreement between OFSI and the subject of an enforcement action to resolve a monetary penalty case following a time-limited negotiation. As a condition of settlement, the subject must agree 1) to pay the penalty as imposed, and 2) to waive their rights to a ministerial review and to appeal OFSI's decision to the Upper Tribunal concerning the matters within the scope of the settlement. In return, the subject will have the opportunity as part of the negotiations to input into the summary of the case that will be published, and under the new scheme will also be entitled to a discount to the baseline monetary penalty (in addition to any other available discount) if they sign a settlement agreement within the applicable timeframe, usually 30 business days.
31. Further information and guidance on UK financial sanctions can be found on OFSI's website: <https://www.gov.uk/government/organisations/office-of-financial-sanctions-implementation>