

MEMORANDUM

The Danish Financial Supervisory Authority

Statement on follow-up inspection at Danske Bank A/S (AML)

Introduction

In October 2017, the Danish Financial Supervisory Authority (the FSA) conducted a follow-up inspection at Danske Bank. The purpose of the inspection was to assess Danske Bank's compliance with the FSA's AML orders from March 2016.

In March 2016, Danske Bank was ordered, for example, to make adequate assessments of the risk that the bank's individual entities may be used for money laundering and terrorism financing purposes and to ensure adequate Know Your Customer (KYC) documentation for business customers classified by the bank as having a relatively high risk of being used for money laundering and terrorism financing purposes.

Furthermore, Danske Bank was ordered to ensure that, when establishing correspondent bank relationships, it possesses adequate information about the individual correspondent bank and that such information is included in the basis for deciding whether or not to establish a correspondent bank relationship. Finally, Danske Bank was ordered to ensure adequate monitoring of transactions carried out through correspondent banks.

In 2016, Danske Bank was also reprimanded for not having identified AML risks in due time at its branch in Estonia. Follow-up on the reprimand did not form part of this inspection.

Summary and risk assessment

At the inspection, the FSA found that Danske Bank had complied with all orders except the aspect of the order on the establishment of correspondent bank relationships that involves ensuring that the information obtained by Danske Bank is included to a sufficient degree in the decision-making basis for the bank's management.

The FSA has noted that Danske Bank, after the follow-up inspection, has taken initiatives to ensure that the bank's management is informed in a sufficiently clear manner about the risk associated with the establishment of a correspondent bank relationship.