

Danske Bank A/S
CVR no. 61 12 62 28
Holmens Kanal 2-12, DK-1092 Kbh K

28 November 2018

Danske Bank A/S CVR no. 61 12 62 28, is preliminarily charged with violation of the Danish Anti-Money Laundering Act

Count 1

violation of section 78(3), cf. (1), cf. section 8(1), (3) and (6), cf. section 1(1)(1), of Danish Act No. 651 of 8 June 2017 on Measures to Prevent Money Laundering and Financing of Terrorism (the Danish Anti-Money Laundering Act) (formerly section 37(7), cf. (1), cf. section 25(1), (2) and (4), cf. section 1(1)(1), of Danish Consolidation Act No. 1022 of 13 August 2013)

by, in the period from 1 February 2007 to the end of January 2016 at Danske Bank A/S, Holmens Kanal 2-12 in Copenhagen, having been responsible for carrying on commercial banking business at the bank's branch in Estonia without, in view of the risk assessment of the business, having had adequate written procedures and controls, extensive risk management, know-your-customer procedures, investigation, registration and reporting duties, storing of information and internal controls to effectively prevent, mitigate and manage risks of money laundering and financing of terrorism, as, inter alia,

- there was inadequate control of the branch's compliance with guidelines, including compliance with changes to procedures for establishing business relationships with customers, among other things,
- staff members were not instructed or trained in the rules of the Danish Anti-Money Laundering Act and the bank's AML procedures, and
- for parts of the period in question, no person responsible for compliance was appointed at management level.

Count 2

violation of section 78(3), cf. (1) and (2), cf. section 14 and section 11(1) and (2), cf. section 10, as well as section 30 of Danish Act No. 651 of 8 June 2017 on Measures to Prevent Money Laundering and Financing of Terrorism (the Danish Anti-Money Laundering Act) (formerly section 37(7), cf. (1) and (2), cf. section 13, section 12(2)-(5), cf. (1), and section 15(1)(first sentence) and (2), as well as section 23 of Danish Consolidation Act No. 1022 of 13 August 2013)

by, in the period from 1 February 2007 to the end of January 2016 in Danske Bank A/S, Holmens Kanal 2-12 in Copenhagen, having been responsible for the bank's Estonian branch establishing business relations with the branch's non-resident customers without the bank having sufficient knowledge of the customers as

- the Group failed to integrate the Estonian branch in the bank's risk management and control systems, instead letting the branch operate with significantly different risk-taking, thus allowing the Estonian branch, inter alia, to establish foreign exchange lines for non-resident customers on the basis of cash collateral without having sufficient insight into the customer's financial circumstances,
- IT systems or human resources to process the business relations and perform ongoing transaction monitoring were not adequate,
- sufficient information about the purpose and intended nature of the business relationship as well as information about the source of the funds was not obtained,
- information was not obtained to the full extent about the ownership and control structure of business customers or proof of identity of the beneficial owners of business customers,
- customer relations were established with intermediaries without the underlying persons or companies being identified,

in addition to the information not being registered or stored.

Count 3

violation of section 78(3), cf. (1), cf. section 18(1)-(6), cf. section 2(1)(8) of Danish Act No. 651 of 8 June 2017 on Measures to Prevent Money Laundering and Financing of Terrorism (the Danish Anti-Money Laundering Act) (formerly section 37(7), cf. (1), cf. section 19(4) and (5), cf. section 3(1)(6) of Danish Consolidation Act No. 1022 of 13 August 2013)

by, in the period from 1 February 2007 to the end of January 2016 at Danske Bank AS, Holmens Kanal 2-12 in Copenhagen, having been responsible for the bank's Estonian branch not having established procedures to determine whether its non-resident customers or the beneficial owners of its non-resident customers were politically exposed persons, which meant that

- the bank failed to take adequate measures to determine the source of the funds or assets comprised by a customer relation or transaction,
- the establishment and possible continuation of business relations relating to politically exposed persons were not approved by the branch's person responsible for compliance at management level,
- such customers relations were not subject to increased monitoring,

- in connection with the termination of such customer relations, no assessment was made of whether the customer in question posed an increased risk of money laundering and financing of terrorism.

Count 4

violation of section 78(3), cf. (1) and (2), cf. section 25(1) and (2), and section 26(1) and (3) of Danish Act No. 651 of 8 June 2017 on Measures to Prevent Money Laundering and Financing of Terrorism (the Danish Anti-Money Laundering Act) (formerly section 37(7), cf. (1) and (2), cf. section 6(2), cf. (1), cf. section 7(1)(second sentence) and (3), of Danish Consolidation Act No. 1022 of 13 August 2013)

by, in the period from 1 February 2007 to the end of January 2016, at Danske Bank A/S, Holmens Kanal 2-12 in Copenhagen, having been responsible for the bank's Estonian branch not performing on a regular basis adequate investigations into the business and transactions of the branch's non-resident customers, including transactions processed by Danske Bank A/S's systems in Denmark, just as the results of such investigations were not registered or stored, and not reporting customer relations and a significant number of suspicious transactions executed for the branch's non-resident customers to the Danish or the Estonian financial intelligence units, regardless of the fact that, on the basis of their nature, number and size, the customer relations and transactions gave rise to suspicion of links to money laundering or financing of terrorism, just as the bank, from at least the end of 2013, when the bank's board of directors, on the basis of the aggregate information from, among others, the bank's internal audit department (Group Internal Audit), the external auditors KPMG, supervisory reports from the Estonian supervisory authority, information about the termination by two recognised correspondent banks of their business relations with the branch in Estonia and information about money laundering at the branch from an internal whistleblower closed down the entire portfolio of non-resident customers in the period up until January 2016 without ensuring that investigations into the customer relations and transactions were made, without suspending transactions and without reporting to the financial intelligence unit, although it must have been clear to Danske Bank A/S, at the latest in this period, that such investigations and reporting should be done.