

PNF Ref.: 14 050 000 347

Judicial public interest agreement
(*“Convention judiciaire d'intérêt public”*)

between

THE NATIONAL FINANCIAL PROSECUTOR

at the Paris Court of First Instance

and

the Company

DANSKE BANK A/S

Bernstorffsgade 40, DK-1577, COPENHAGEN

DENMARK

Having regard to Articles 41-1-2 and 180-2 of the Code of Criminal Procedure;

Having regard to Articles R.15-33-60-1 to R.15-33-60-10 of the said Code;

In light of the preliminary investigation initiated by the national financial prosecutor's office ("PNF") and entrusted to the Serious Financial Crime Office ("*Office central de répression de la grande délinquance financière*") on 8 July 2014;

In light of the formal investigation no. 2069/15/10 opened on 9 April 2015 on the grounds of organised laundering of the proceeds of tax fraud, money laundering and benefiting from the proceeds of organised fraud;

In light of the referral order with a view to implementing a judicial public interest agreement dated 27 June 2024;

I. DANSKE BANK

1. Danske Bank A/S ("Danske Bank") is a joint-stock company incorporated under Danish law with its registered office in Copenhagen. Danske Bank is Denmark's largest bank. It performs retail and corporate banking activities internationally, for individual and corporate customers, through a number of subsidiaries and branches. Danske Bank is listed on Nasdaq Copenhagen.
2. Until the beginning of 2016, Danske Bank held in its Estonian branch a portfolio of several thousand customers residing outside Estonia (the "NRP"), in particular in Russia. The Estonian branch and the NRP were integrated into Danske Bank when Danske Bank acquired the Estonian subsidiary of Sampo Bank in 2007, which was merged into Danske Bank in June 2008 and from that date operated as a branch. The Estonian branch of Danske Bank had its own customer management system and IT platform.

II. THE PRELIMINARY INVESTIGATION AND THE JUDICIAL INVESTIGATION

A. The preliminary investigation

3. On 19 February 2014, the Paris public prosecutor's office received a complaint alleging facts of receiving and benefiting from fraud and money laundering.
4. On 17 June 2014, a note from TRACFIN brought to the attention of the public prosecutor unusual activity that had been observed on the bank accounts of Decobat ("Decobat"), a French import-export company of decorative products, which benefited from certain bank transfers from opaque companies.
5. The preliminary investigation essentially concerned the import activities into Russia conducted by Mrs X, the managing director and sole partner of the said import-export company.

B. The judicial investigation

6. A judicial investigation was opened on 9 April 2015 on the grounds of organised laundering of the proceeds of tax fraud, money laundering and receiving and benefiting from the proceeds of organised fraud, committed in Saint Tropez and on national territory and indivisibly abroad, in particular in Luxembourg and Monaco, since 1 January 2008.
7. The judicial investigation revealed that the contentious financial flows that constituted tax fraud by Mrs X, passed through accounts open in Estonia with the Estonian branch of Danske Bank.
8. A significant part of Sampo Bank's activities in Estonia consisted in providing banking services to non-resident customers.
9. The investigation established that the Estonian branch of Danske Bank knew that this NRP was high-risk, in particular because its customers resided in high-risk jurisdictions, frequently used shell companies that could conceal the identity of either their beneficial owner, the sender or the recipient of the transactions, and carried out suspicious transactions.
10. The compliance framework of the Estonian branch of Danske Bank appeared to be inadequate and ineffective with regard to the activities of the NRP in Estonia.
11. Indeed, the Estonian branch of Danske Bank had practices and procedures that allowed the NRP customers to open accounts and record transactions without reasonable controls or due diligence.
12. For example, it appeared possible to open NRP accounts remotely without sending appropriate account opening documents to the Bank in Estonia, to authorise the involvement of financial intermediaries such as unregulated money transfer companies located outside Estonia, or to open accounts with minimal know-your-customer due diligence.
13. In the case at hand, two accounts opened at the Estonian branch of the Bank in the name of Argenta Systems Ltd, a company registered in Belize ("Argenta") and Maycroft United LLP, a company registered in the United Kingdom ("Maycroft") respectively, were used as transit accounts as part of Mrs X's import-export activities. These accounts enabled her to commit offences of tax fraud and laundering the proceeds of tax fraud, for which she was ultimately convicted in France on 9 January 2024 in the context of a guilty plea procedure.
14. Decobat, Mrs X's company, purchased its supplies in Italy and France. It exported its paints, varnishes and accessories to Russia by selling its goods to a Russian company.

Import customs declarations were made in the Baltic States by brokers at prices well below the actual value of the goods. The payment of the customs duties and VAT due was consequently undervalued. After the sale of the goods, the Russian company transferred its profits to Luxembourg via the accounts open at the Estonian branch of Danske Bank. The money collected in Russia was also transferred towards other accounts open in Luxembourg, in the name of companies located in Luxembourg and the British Virgin Island, through transfers from accounts open at the Estonian branch of Danske Bank.

15. The investigation revealed that Danske Bank's internal control procedures (in particular the internal audits carried out until 2014) concluded that the level of control over customers was satisfactory, although warnings had been issued by the Estonian Financial Supervision and Resolution Authority, and by the Danish Financial Supervisory Authority (FSA) that had itself been warned by the Russian Central Bank.
16. Through this passive and complacent attitude, the Estonian branch of Danske Bank enabled the following facts:
 - Between 2010 and 2014, the Argenta and Maycroft accounts recorded the concealed distribution of €3,382,568.26 to Mrs X, a French tax resident, through transfers to accounts open in Luxembourg in the name of offshore companies of which Mrs X was the beneficial owner. Mrs X had not declared the existence of these Luxembourg bank accounts held at credit institutions outside the Danske Bank group to the French tax authorities;
 - Between 2008 and 2014, the Argenta and then Maycroft accounts enabled payment for the import-export company's exports to Russia, which were the subject of customs declarations that were deliberately understated in order to subtract part of their value from customs duties and VAT.
17. On 7 February 2019, Danske Bank was placed under judicial investigation for organised laundering of the proceeds of tax fraud for having, in France and abroad (in particular in Estonia and Luxembourg), between 2007 (as of 1 February) and 2014, assisted in multiple operations to invest, conceal or convert the direct or indirect proceeds of criminal offences, by opening fictitious transit accounts intended to receive money resulting from organised tax fraud and by allowing these accounts to be debited by multiple transactions carried out in the context of offsetting transactions, without the slightest economic justification, in this case, the Argenta and Maycroft accounts, in favour of the French companies managed by Mrs X (the company Decobat for €16,339,849) and the offshore companies holding accounts in Luxembourg of which Mrs X was a beneficiary (the company Majestic Trade for €1,175,520 and USD 1,360,508, the company Driscoll Limited System for €2,951,567, and in favour of other companies and businesses established in France (for €574,185), with the circumstance that the facts were committed as part of an organised group, characterised by the use of multiple agents, with the sole aim of concealing the destination of the misappropriated funds and passing them on to recipients abroad after the funds had been laundered through opaque circuits,

such facts being provided for and punishable under Articles 324-1, 324-2, 324-3, 324-4, 324-7, 324-8 and 324-9 of the Criminal Code.

C. The settlements concluded between Danske Bank and foreign authorities

18. On 9 December 2022, the Danish National Special Crime Unit (NSK) ordered Danske Bank to pay a fine of DKK 3,500 million plus the confiscation of DKK 1,249 million (i.e. DKK 4,749 million in total), for failing to comply with its obligations to combat money laundering and the financing of terrorist activities (AML-CTF) by carrying out banking transactions involving a large number of its NRP customers at the bank's Estonian branch, for a total amount of at least DKK 14,000 million, in the period before 31 January 2016.
19. On 12 December 2022, Danske Bank entered into a plea agreement with the US Department of Justice ("DOJ"). Under the terms of this plea agreement, Danske Bank pleaded guilty to conspiracy to commit bank fraud (consisting of the processing of approximately USD 160 billion transiting through US banks on behalf of NRP customers) and thereby agreed to pay the sum of approximately USD 2 billion. Out of this sum of USD 2 billion, the DOJ was to credit nearly USD 850 million to resolve parallel investigations by other national and foreign authorities, namely the US Securities and Exchange Commission ("SEC") and Danish authorities. Danske Bank also committed to strengthen and improve its compliance programmes. Prior to the plea agreement, an independent expert had been appointed by its regulatory authority to oversee the implementation of Danske Bank's plan to remediate and enhance its anti-financial crime and AML frameworks.
20. On 12 December 2022, the SEC entered into a separate agreement with Danske Bank in a related parallel proceeding. In the context of this resolution, Danske Bank agreed to pay a civil financial penalty of USD 178.6 million.

21. The national financial prosecutor considers that all of the facts above which have been under judicial investigation in France, could qualify as organised laundering of the proceeds of tax fraud within the meaning of Articles 324-1 *et seq.* of the Criminal Code.

III. PUBLIC INTEREST FINE

22. Pursuant to Article 41-1-2 of the Code of Criminal Procedure, the amount of the public interest fine is set in proportion to the benefits derived from the misconduct observed, up to a limit of 30% of the average annual turnover calculated on the basis of the last three known annual turnovers at the date on which the misconduct were observed.
23. The Group's net banking income was €7,374 million in the year ended 31 December 2023, €5,933 million in the year ended 31 December 2022 and €6,519 million in the year ended 31 December 2021, namely an average annual net banking income of €6,609 million over the last three years.
24. The theoretical maximum amount of the public interest fine is therefore €1,983 million.
25. The investigations have made it possible to assess the benefits derived from the misconduct at €4,257,825, made up of the duties evaded by Decobat in respect of VAT and Russian customs duties amounting to €2,252,228 and of the income tax and the solidarity contribution evaded by Mrs X amounting to €2,005,597.
26. The restitutive part of the fine has been limited to the profits effectively received by the bank on the Argenta and Maycroft accounts during the period, assessed at €153,000.
27. The penalty part of the fine takes into account the following aggravating factors:
- The size of the company, as it is the leading Danish financial institution;
 - The inadequacy of the compliance programme, in light of the internal control deficiencies observed in connexion with the fight against money laundering;
 - The repeated nature of the facts in question;
 - The use of the legal entity's resources to conceal the circulation of funds evaded from tax;
 - The serious breach to the public order caused by these facts, notably in light of the confidence sought and needed in the banking system.

28. It also takes into account the following circumstances as mitigating factors:

- The active cooperation of the company under investigation, which although it only belatedly performed a quality internal investigation, nevertheless responded in a complete and prompt manner to the questions that were addressed to it by the national financial prosecutor's office;
- The corrective measures implemented within Danske Bank, which has considerably strengthened its internal control system, in particular within its Estonian branch;
- The relevance of the internal investigations, conducted in particular in the context of the prosecutions initiated by the US and Danish regulators.

29. In light of all of these elements, the amount of the penalty part of the fine is €5,875,799.

30. As a result, the total amount of the public interest fine is set at **€6,028,799**.

IV. COMPENSATION OF THE VICTIMS

31. Pursuant to Article 41-1-2 of the Code of Criminal Procedure, when the victim has been identified, and unless the legal entity under investigation justifies that it has compensated the victim's damage, the agreement also sets out the amount and terms of the compensation for the damage caused by the offence within a period that may not exceed one year.

32. On 17 July 2024, the national financial prosecutor informed the French State of its decision to propose the conclusion of a judicial public interest agreement. On 19 July 2024, the French State claimed compensation in the amount of €10,000 for its material damage and €290,000 for its non-material damage.

33. The amount of the French State's damage to be borne by Danske Bank is set in the context of this agreement at **€300,000**.

34. Pursuant to this agreement, the payment of damages to the State will take place in the month following the validation of this agreement.

35. Failing that, in light of the validation order, the victim will be able to seek recovery of the damages that the legal entity has undertaken to pay through an injunction to pay procedure, in accordance with the rules laid down in the Code of Civil Procedure.

V. MEANS OF EXECUTION OF THIS AGREEMENT

- 36. Pursuant to this agreement, Danske Bank commits to proceed with the payment of the amount of **€6,028,799** for the public interest fine, in the conditions set out by Article R.15-33-60-6 of the Code of Criminal Procedure.
- 37. This payment will take place in the month following the validation of this agreement.
- 38. The execution of the obligation set out by the agreement extinguishes the prosecution with respect to Danske Bank.
- 39. It should be noted that pursuant to Article 41-1-2 of the Code of Criminal Procedure, the validation order of this judicial public interest agreement does not entail any declaration of guilt and has neither the nature nor the effects of a conviction.

In Paris, on 27 August 2024

<p>Jean-François Bohnert</p> <p><i>[Signature]</i></p> <p>National financial prosecutor</p>	<p>Niels Thomas Heering</p> <p><i>[Signature]</i></p> <p>Representative of Danske Bank</p>
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