Translation from Danish prepared by Jyske Bank of a statement dated 8 June 2023 issued by the Danish Financial Supervisory Authority (Finanstilsynet). In the event of any discrepancy between the Danish version and the English version, the Danish version shall prevail.

Report on money-laundering inspection of Jyske Bank A/S

Introduction

On 29 and 30 November 2022, the Danish Financial Supervisory Authority conducted an inspection of Jyske Bank A/S (the Bank). The inspection comprised the Bank's cash handling and in this context organisation, policy, written business procedures, customer due diligence, investigation of alarms and internal control systems in the money-laundering area.

Summary and risk assessment

The Bank is one of the largest financial institutions in Denmark. The Bank offers a wide range of financial services. On the basis of its size, the Bank is categorised as a systemically important financial institution (SIFI).

During the inspection the Danish Financial Supervisory Authority (the FSA) focused on the Bank's cash handling. The FSA assesses that cash handling is a high-risk area in relation to money laundering and financing of terrorism and that a high inherent risk is involved in its area.

On the basis of the inspection, a number of areas gave rise to reactions on the part of the FSA.

The Bank was ordered to assess and where relevant obtain information about the purpose and intended objectives of its business relations as well as the origin of funds for all personal customer relationships. The Bank must ensure that the information obtained is updated on an ongoing basis, cf. S.10, items 1 and 4. In addition, the FSA ordered the Bank, referring to SS.17(1) and 11(1), item 5, to implement stricter customer due diligence procedures for the customers who, in the Bank's opinion, involve a high risk of money laundering or financing of terrorism.

The Bank was ordered to incorporate efficient control measures relating to ongoing customer due diligence. In addition, the FSA ordered the Bank to ensure that the compliance function controls that such measures are sufficiently efficient to address the shortcomings of the Bank's ongoing customer due diligence procedure.

Moreover, the Bank was ordered to expand its transaction monitoring to comprise cash withdrawals in high-risk third-party countries and that such cash withdrawals are included in the Bank's risk assessment of the customer relationships. In addition, the FSA ordered the Bank to carry out ongoing monitoring based on the risk classifications of both the customer and his attorney, if any.

Finally, the Bank was ordered to ensure that an employee cannot abuse his position for instance to shelve alarms which should have been addressed.