



Finantsinspektsioon
Business Conduct Supervision Division
Sakala 4
15030 Tallinn
Estonia

April 17, 2013

File 62122/ee-0001

Dear Colleagues,

Dear Raul

**Danske Bank, Estonia Branch –
EFSA's Memorandum of March 12, 2013**

Finanstilsynet refer to EFSA's Memorandum of March 12, 2013, concerning Danske Bank's Branch in Estonia.

According to the Memorandum, EFSA has obtained information from various indicators that the Branch may not have correctly undertaken the customer due diligence measures and therefore may have violated the Estonian AML/CTF Act. On the basis of these indicators, which are explained in the Memorandum, EFSA concludes that further supervisory procedures must be taken in order to prevent the Branch from being used for money laundering and terrorist financing purposes.

We recall that similar concerns were raised by EFSA in 2012. In the light hereof Finanstilsynet asked Danske Bank to comment. The Bank responded to this request by letter of April 3, 2012, from the Bank's Executive Board Secretariat/Group Compliance & AML. This letter comprised a rather comprehensive explanation of the Bank's policies and procedures aimed at mitigating ML/TF risks related to customers defined by the Bank as high risk customers of its Estonia Branch, including non-resident natural persons and entities. Finanstilsynet forwarded copy of Danske Bank's letter of April 3, 2012, to EFSA by letter of July 3, 2012.

It follows from EFSA's Memorandum of March 12, 2013, that EFSA carried out an off-site inspection of the Branch in October 2012. Finanstilsynet is interested in learning more about the scope of the outcome of this inspection.

Finanstilsynet takes the concerns raised by EFSA very seriously and have noted EFSA's call for further supervisory measures. Such measures should probably include an on-site inspection at the premises of the Branch and a

**DANISH FINANCIAL
SUPERVISORY AUTHORITY**

Aarhusgade 110
2100 Copenhagen
Denmark

Tel +45 33 55 82 82
Fax +45 33 55 82 00
finansstilsynet@ftnet.dk
www.dfsa.dk

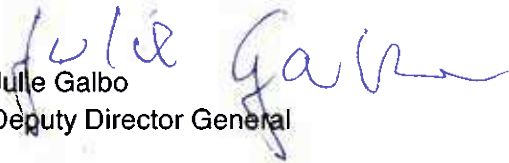
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thorough examination of a comprehensive number of customer files in order to establish, whether and to what extent local regulation and/or Bank procedures have been violated.

If EFSA decides to carry out such an on-site inspection, Finanstilsynet would be happy to contribute by participating in a joint inspection of the Branch. Finanstilsynet would suggest requesting that Danske Bank's Group Compliance & AML should be present in the Branch during the exercise. From our side this would seem appropriate, in particular in case relevant documentation regarding the Branch's non-resident customers are requested and retained by the Branch in the English language.

We look forward to hearing from you.

Kind regards,



Julie Galbo
Deputy Director General