

Press release

Holmens Kanal 2 - 12
DK - 1092 København K
Tel. +45 45 14 00 00

3 September 2021

Update on the remediation of legacy issues

Our efforts to remediate legacy issues are progressing. We have updated the Danish FSA on our progress in reviewing the previously communicated additional potential issues related to data errors in Danske Bank's debt collection systems. In addition, we have informed the Danish FSA of additional potential issues that we have identified related to our tax services for customers holding a custody account.

Danske Bank's efforts to remediate the legacy issues, in which errors in the past may have led to losses for our customers, continue to make progress.

Update on remediation of issues related to our tax services for customers holding a custody account

In October 2020, [we communicated about two tax services issues](#). Following the identification of these issues, we initiated a thorough review of the tax services to ensure that we uncovered other potential issues.

- During this review, [we have identified a number of additional potential issues](#) – seven of which involve potential customer detriment. The issues relate to potentially incorrect pay-outs to customers, including differences in dividend payments, potentially incorrect tax benefits applied, and potentially incorrect tax reclaims.
- So far, the review indicates that the issues mainly affect customers who own foreign shares placed in a custody account in Denmark and who have been using our tax services in relation to double-taxation on foreign securities. So far, the review also indicates that the issues are primarily a result of the inability of our systems and manual controls to adequately process the increased complexity of the tax regulations in the various countries in which our tax services have been used.
- Our current early estimates indicate that up to 6,000 customers may be affected by one or more of these additional issues, and that the total financial impact for our customers may be up to DKK 50 million. As we conclude our analyses, or if we identify additional potential issues during the review of the remaining countries in which our tax services have been used, there may be changes to these numbers.

Our main priority has been to stop these issues, and we have implemented short-term solutions to ensure that none of the significant issues will affect customers going forward. Our focus is now on getting the complete overview of the impact on customers and ensure that all affected customers are compensated.

“We are working to identify, inform and compensate all affected customers as soon as possible. Our priority has been to stop these issues from occurring in order to ensure that customers are not affected going forward, and we have implemented short-term solutions in this respect. We will notify our customers directly as soon as we have determined who may potentially be affected. We sincerely apologise for these errors and any inconvenience this causes for our customers and other stakeholders,” says Peter Rostrup-Nielsen, who heads the central unit that was established in October 2020 to ensure a more timely, decisive and proactive handling of a number of legacy issues.

Update on remediation of issues related to debt collection

As we have previously communicated, we have identified potential additional issues related to the data errors in our debt collection systems. We continue to progress with the analyses of these, and as a result of a request from the Danish FSA, [we have informed the Danish FSA](#) of the status of this work.

- We continue to expect that a further 10,000-15,000 debt collection customers will potentially be eligible for compensation due to overcollection and that there are customers affected by more than one of the additional issues. As we have [previously communicated](#), the outstanding debt will have to be reduced for the vast majority of debt collection customers due to the issues originally identified in our debt collection systems, of which our current estimate is that potentially 60,000-65,000 debt collection customers will have their debt reduced due to the analysed additional issues. These customers are not eligible for compensation due to overcollection, but will have their data corrected in our systems.
- As communicated in June, we had in total identified 27 additional potential issues related to the data errors in our debt collection systems. Since then, we have recently identified an additional potential issue related to a specific type of interest for which the limitation period may not be handled correctly, and we are currently reviewing this.
- Examples of substantial, additional issues that may lead to customer compensation due to overcollection are provided below. As some customers are affected by more than one of the additional issues, the below numbers cannot be aggregated. A comprehensive overview of the various known issues can be found in [our status to the Danish FSA](#).
 - Wrongful application of a triviality limit when a customer makes the last payment may have resulted in customer detriment. If the last debt repayment led to the balance turning positive or negative by an amount below DKK 50, Danske Bank has rounded the balance down to 0 before closing the case. This may lead to approximately 12,000 customers being eligible for compensation.
 - Poor coordination of data flows between Danske Bank and the collection agencies that we work with created inconsistencies in customer data. This may lead to approximately 10,000 customers being eligible for compensation.

- When Danske Bank takes a debt collection case to court, the court determines the fees that we can charge the customer to cover our costs. These fees are not the same as the actual legal fees incurred, which in some instances could be higher; and in some cases, we may have allocated the actual legal fees to the costs of the case. Approximately 4,000 customers may be eligible for compensation in this respect.
- Moreover, as previously communicated and reported in the media in August, one of the additional potential issues related to data errors in our debt collection systems has led to some creditors being paid a lower dividend from a number of closed estates than they were entitled to. A very early estimate – which is subject to significant uncertainty – is that this potentially affects 14,000-16,000 court cases. For the vast majority of current cases, we have ensured that this no longer takes place – either by withdrawing the case or by correcting the case. We have, however, identified a number of court cases relating to the estates of deceased persons, in which we unfortunately have not done this. Out of the 610 closed cases, there is a risk that we have received too high a dividend payment in 100. These cases are part of the already identified 14,000-16,000 cases, which we are reviewing. Finally, the analysis of the additional potential issues could affect claims notified by Danske Bank.

We continue to work as diligently and quickly as possible to correct the errors and to give our debt collection customers final clarification. However, [as communicated](#) in our updates [to the Danish FSA](#), the issues arising from data errors in Danske Bank's debt collection systems continue to be of such magnitude and complexity that the work will extend into 2022.

Progress with remediation on other identified legacy issues

Since our latest update, we have made progress with our remediation of the other identified legacy issues. An overview is provided in our latest update on our remediation website [here](#).

Danske Bank

Contact: Stefan Singh Kailay, Head of Media Relations, tel. +45 45 14 14 00