

Policy on prevention of money laundering, terrorist financing and violation of  
sanctions

for

A/S Arbejdernes Landsbank

2024



**Arbejdernes Landsbank**

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1. Objective and background .....	2
1.1 Objective .....	2
1.2 Companies included .....	2
2. Risks regulated by this policy .....	2
2.1 Inherent risks .....	2
2.2 The business model of AL Bank .....	3
3. Risk management .....	3
3.1 Approval of customers outside the risk tolerance limit .....	4
4. Organisational aspects and governance .....	4
5. Principles for delegation of authority .....	5
6. Control and monitoring .....	5
7. Reporting to the Board of Directors .....	6
8. Revision and entry into force .....	6
Annex 1 Risk tolerance, 2024 .....	6

### Summary:

<b>Objective</b>	To establish Arbejdernes Landsbank's strategic goals with regard to prevention of money laundering, terrorist financing and violation of sanctions
<b>Document owner</b>	AML Director at Arbejdernes Landsbank, AML Department
<b>Approval</b>	Board of Directors of A/S Arbejdernes Landsbank on 23 May 2024
<b>Relations</b>	Risk tolerance, see annex 1
<b>Legislation related to this document</b>	Anti-Money Laundering Act
<b>Version</b>	10.0



# 1. Objective and background

## 1.1 Objective

The objective of this policy on the prevention of money laundering, terrorist financing and violation of sanctions (hereinafter referred to as the “anti-money laundering policy”) is to establish the strategic goals of A/S Arbejdernes Landsbank (hereinafter referred to as “AL Bank”) to ensure that:

1. AL Bank is not misused for money laundering, terrorist financing or violation of sanctions.
2. Management of the obligations of AL Bank meets the requirements stipulated in legislation on measures to prevent money laundering, terrorist financing and sanctions as described in the Anti-Money Laundering Act in force at any time, as well as sanctions adopted by the EU, the UN, or the OFAC and the OFSI.
3. Management by AL Bank of obligations stated in point 2 meets the requirements described with regard to the companies’ cooperation partners.

The anti-money laundering policy is a risk policy laid down in accordance with section 8 of the Act on Measures to Prevent Money Laundering and Financing of Terrorism (Anti-Money Laundering Act), which states that undertakings covered by the Anti-Money Laundering Act must have adequate written policies, etc. for effective prevention, mitigation and management of the risks of money laundering and terrorist financing. The policy must be drawn up on the basis of the undertaking’s risk assessment within the anti-money laundering (AML) area.

AL Bank and the AL Group have a risk-based approach to managing risks associated with economic crime. This means that, on the basis of each of the companies’ individual risk assessment and the Group’s overall risk assessment for the AML area, it is a priority to ensure that the policy and controls of AL Bank in the AML area (including terrorist financing and violation of sanctions) are targeted at, and match, the actual risk of AL Bank being misused for such purposes.

## 1.2 Companies included

This policy applies for AL Bank.

Other companies in the Arbejdernes Landsbank Group that are subject to the Anti-Money Laundering Act have their own anti-money laundering policy.

# 2. Risks regulated by this policy

## 2.1 Inherent risks

It is implicit in business models for banks that there will be a risk associated with the operation of such companies, as all types of financial transaction involve a risk that the company may be misused for criminal purposes. The inherent risk, as described in the risk assessment in force at any time, that AL Bank will be misused for money laundering, terrorist financing and violation of sanctions, is approved by the Board of Directors.

The Board of Directors has laid down a general principle that risks associated with money laundering, terrorist financing and violation of sanctions are to be mitigated as far as possible on the basis of a risk-based approach.



This anti-money laundering policy establishes the overall guidelines for how AL Bank works on the prevention of money laundering, terrorist financing and violation of sanctions.

## 2.2 The business model of AL Bank

The overall business model of AL Bank is to offer all common types of financial services, advisory services and products. AL Bank does not offer complex and individually designed products focusing on speculative business activities.

The primary focus of AL Bank is on private customers as well as small and medium-sized enterprises and associations in Denmark. AL Bank also offers trade in securities and foreign payments to small and medium-sized financial banks, payment institutions and other payment service providers, etc., primarily in Denmark.

## 3. Risk management

With this policy, the Board of Directors aims to ensure that the residual risks for AL Bank are considerably lower than the inherent risks.

Recognising that it is not possible to completely eliminate the risks of money laundering, terrorist financing and violation of sanctions, the Board of Directors has decided that the Management Group is responsible for ensuring that the daily operations of AL Bank are organised in a way that strives to reduce the total risk.

Risk management at AL Bank is to be based on the business models, risk assessments, and this anti-money laundering policy.

As stated in the risk assessment for AL Bank, the company's inherent risk of being misused for money laundering, terrorist financing and violation of sanctions is assessed as medium to high.

In AL Bank, a number of risk-reduction measures have therefore been implemented to help significantly reduce the risk of being misused for money laundering, terrorist financing and violation of sanctions, see the review of both the inherent and residual risks for the company in the risk assessment.

Besides the risk assessment, AL Bank must have procedures that help to prevent, mitigate and manage the risks of AL Bank within the following areas:

- customer due diligence measures
- investigation, recording and notification obligations
- record keeping
- screening of employees
- internal controls

Overall risk management at AL Bank monitors changes in risks within money laundering, terrorist financing and violation of sanctions, and takes account of how changes can influence the risk assessments and thereby also this policy, procedures and the controls.

A contribution to achieving the strategic objective of reducing the risk of being misused for money laundering, terrorist financing and violation of sanctions is to ensure that the customers of AL Bank are within the approved business models.

The Board of Directors has therefore set the following requirements for customers who are deemed to be outside the normal area for the business model for AL Bank:



### 3.1 Approval of customers outside the risk tolerance limit

In order to minimise the risk of being misused for money laundering, terrorist financing and violation of sanctions, besides imposing requirements to establish the above procedures, the Board of Directors has decided to establish a risk tolerance that outlines the operational criteria for the customer portfolio and specific customer segments.

Thus, the risk tolerance indicates the risk appetite of the Board of Directors in relation to the customer portfolio and specific customer segments, and it ensures that, in day-to-day operations, AL Bank obtains specific approval for customers outside the risk tolerance from the person responsible for the AML area (AML officer). The risk tolerance is included as annex 1 to the anti-money laundering policy.

## 4. Organisational aspects and governance

The Anti-Money Laundering Act requires the Board of Directors of AL Bank to ensure that the general governance of the company is structured such that Compliance and Internal Audit can check and assess whether the company's overall work on preventing money laundering and terrorist financing is organised in accordance with the Anti-Money Laundering Act, see Section 8(3) and (4).

The Management Group of AL Bank must appoint an employee who, as the person responsible for the AML area, see section 7(2) of the Anti-Money Laundering Act, has authority to make decisions on behalf of AL Bank regarding approval of business procedures, controls and specific customer relationships, etc.

The AML officer at AL Bank must be entitled to make decisions relating to the company's risk exposure in the AML area. Similarly, the AML officer must have sufficient knowledge about the risk profile and specific risk factors of AL Bank, see the risk assessment of the AML area.

The AML officer at AL Bank refers to the member of the Management Group appointed as the person responsible for implementation of the requirements of the Anti-Money Laundering Act etc., see section 8(5) of the Anti-Money Laundering Act.

Furthermore, the Board of Directors of A/S Arbejdernes Landsbank has appointed the incumbent AML officer at AL Bank as the person responsible for the AML area at Group level. The Group AML officer has overall responsibility for Group management of the AML area. The more detailed framework for this has been established in a common Group anti-money laundering policy, which covers AL Bank, AL Finans and Vestjysk Bank A/S.

AL Bank has the following overall governance in the AML area, and this is decided annually by the Management Group:

<b>Responsible</b>	<b>Area of responsibility</b>
Board of Directors	Approval of risk assessment and anti-money laundering policy.
Responsible member of the Management Group, see section 8(5) of the Anti-Money Laundering Act	Responsible for implementing the requirements of the Anti-Money Laundering Act and the regulations issued in pursuance hereof.



Person responsible for the AML area, see section 7(2) of the Anti-Money Laundering Act	Has authority to make decisions on behalf of AL Bank regarding approval of business procedures, controls and specific customer relationships, etc.
Person responsible for compliance, see section 8(3) of the Anti-Money Laundering Act	Checks and assesses whether work by AL Bank on preventing money laundering and terrorist financing is organised in accordance with the Anti-Money Laundering Act.
Internal Audit, see section 8(4) of the Anti-Money Laundering Act	Ensures whether policies, procedures and controls at AL Bank are organised and function adequately.
Other employees	All employees of AL Bank are obligated to comply with all relevant policies, procedures, etc. laid down by AL Bank to ensure compliance with the requirements of the Anti-Money Laundering Act.

## 5. Principles for delegation of authority

The Board of Directors has decided that the Management Group and the AML officer can delegate part of their daily work that follows from the requirements of the Anti-Money Laundering Act.

The principles for delegation mean that the Management Group of AL Bank may delegate to the AML officer daily responsibility for ensuring that the requirements of the Anti-Money Laundering Act are carried out in connection with operation and development of AL Bank. However, when delegating responsibility, the Management Group must continue to check compliance with the requirements of the Anti-Money Laundering Act. To ensure this, the AML officer must submit regular reports to the Management Group about important topics within money laundering, terrorist financing and violation of sanctions. In the event of serious incidents of possible violation of the Anti-Money Laundering Act, or potential risks of such incidents, the AML officer must report to the Management Group immediately.

## 6. Control and monitoring

Controls at AL Bank aim at ensuring effective prevention of money laundering, terrorist financing and violation of sanctions. Controls have different characteristics depending on the scope of risk. The purpose of the internal controls is to ensure that work is concentrated on the customers etc. for which the risk is deemed to be greatest.

In reporting to the Management Group and the Board of Directors, the AML officer must state whether the risk tolerance is being complied with.

Customer due diligence measures include requirements to check customers' identity etc. as well as knowledge about the customers' expected scope of business. In addition, customer due diligence information must be updated regularly, depending on the risk classification of the customer.

Similarly, transactions monitoring has been organised such that the most risky transactions are extracted for manual review. This ensures a risk-based approach to control and monitoring of the customer relationships.

In order to ensure that it is always possible to provide information for a possible investigation or in some other way review a specific customer relationship, all information collected in connection with



customer due diligence measures, documentation and recording of transactions, as well as documents and registrations concerning investigation and recording of suspicious circumstances, must be stored for five years after the customer relationship has ceased.

## 7. Reporting to the Board of Directors

The Board of Directors must receive reports on anchoring and observance of the policy at least once a year.

## 8. Revision and entry into force

The Board of Directors assesses this policy at least once a year and makes the necessary adjustments on recommendation from the Management Group. The policy is also revised in the event of material changes in the conditions that the policy concerns, including significant legislative amendments in the area.

This policy enters into force on 23 May 2024.

Approved by the Board of Directors of

A/S Arbejdernes Landsbank

on 23 May 2024

### **Annex 1** Risk tolerance, 2024