

Policy for Prevention of Money Laundering, Terrorism Financing and Sanctions  
Violations  
for  
A/S Arbejdernes Landsbank  
April 2025



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## Summary:

Purpose	To set out Arbejdernes Landsbank's strategic goals and describe the overall framework in relation to prevention of money laundering, terrorism financing and sanctions violations
Document owner	Arbejdernes Landsbank's AML Director, AML Department
Approval	The Board of Directors of A/S Arbejdernes Landsbank on 23 April 2025
Relations	<ul style="list-style-type: none"><li>• Appendix 1: Risk Tolerance for Financial Crime</li><li>• Policy for Prevention of Money Laundering, Terrorism Financing and Sanctions Violations for the Arbejdernes Landsbank Group</li><li>• Policy for a Healthy Corporate Culture</li><li>• Operational Risk Policy</li><li>• Executive Management Instructions</li><li>• Group Policy for Corporate Social Responsibility and Sustainability</li><li>• Governance for Prevention of Money Laundering, Terrorism Financing and Sanctions Violations</li></ul>
Legislation related to this document	Danish Act on Measures to Prevent Money Laundering and Terrorism Financing ( <i>Lov om forebyggende foranstaltninger mod hvidvask og finansiering af terrorisme</i> ), the Danish Criminal Code ( <i>Straffeloven</i> ), Danish Financial Business Act ( <i>Lov om finansiel virksomhed</i> ), Executive Order on Management and Control of Banks ( <i>Ledelsesbekendtgørelsen</i> )
Version	11

## 1. Purpose and background

### 1.1 Purpose

The purpose of the 'Policy for Prevention of Money Laundering, Terrorism Financing and Sanctions Violations' ('the Policy') is to set out the strategic goals for A/S Arbejdernes Landsbank ('AL Bank') in relation to ensuring that:

1. AL Bank does not participate in and is not misused for money laundering, terrorism financing or sanctions violations ('financial crime')
2. AL Bank complies with the requirements of the Danish Act on Measures to Prevent Money Laundering and Terrorism Financing ('the Anti-Money Laundering Act') as well as sanctions adopted by the EU and the UN with which AL Bank is obliged to comply. In addition, AL Bank has chosen to comply with the OFAC's and the OFSI's sanctions programmes
3. AL Bank meets the responsibility that the bank has to its customers, business partners, owners, employees and society in relation to the prevention of financial crime
4. AL Bank actively collaborates with relevant authorities in relation to financial crime

The Policy lays down the overall framework for how AL Bank works to prevent financial crime in accordance with section 8 of the Anti-Money Laundering Act, which stipulates that undertakings covered by the Anti-Money Laundering Act must have adequate written policies etc. for the efficient prevention, limitation and management of risks of money laundering and terrorism financing. The Policy must be prepared on the basis of the undertaking's assessment of the risk of money laundering.

AL Bank takes a risk-based approach to the handling of risks related to financial crime. This means that, based on AL Bank's individual risk assessment and the Group's overall risk assessment for the field of

financial crime ('the risk assessment'), prioritised steps are taken to ensure that AL Bank's Policy, procedures and controls in the field of financial crime are targeted at and aligned with the actual risk of AL Bank being misused for these purposes.

## 1.2 Companies covered by this Policy

This Policy applies to AL Bank and to all the bank's employees.

Similarly, other companies in the Arbejdernes Landsbank Group covered by the Anti-Money Laundering Act have their own policy for prevention of financial crime.

To ensure a groupwide approach, a group policy for prevention of financial crime also applies to AL Bank, AL Finans A/S and Vestjysk Bank A/S.

## 1.3 Non-financial policy

The Policy is a non-financial policy.

## 1.4 Definitions used

The following definitions apply to this Policy:

- **AL Bank:** A/S Arbejdernes Landsbank
- **The Bank:** A/S Arbejdernes Landsbank
- **The Board of Directors:** The Board of Directors for A/S Arbejdernes Landsbank
- **The Executive Management:** The Executive Management of Arbejdernes Landsbank
- **Financial crime:** Financial crime includes money laundering, terrorism financing and sanctions violations
- **Money laundering:** Money laundering as defined in the Anti-Money Laundering Act, i.e.:
  - 1) To unlawfully receive or obtain for oneself or others a share in economic proceeds or funds obtained by means of a criminal offence.
  - 2) To unlawfully conceal, store, transport, assist in the disposal of or otherwise subsequently to act to secure the economic proceeds or funds obtained by means of a criminal offence.
  - 3) Attempt at or participation in such actions.
- **Terrorism financing:** Terrorism financing as defined in the Danish Criminal Code, i.e. a person who:

- 1) directly or indirectly grants financial support to;
  - 2) directly or indirectly provides or collects funds for; or
  - 3) directly or indirectly makes money, other financial assets or financial or other similar services available to a person, a group of persons or an association that commits or intends to commit acts falling within the scope of section 114 or 114a of the Danish Criminal Code.
- **Sanctions:** Sanctions are defined as political and economic measures taken by one or more countries, international organisations or associations to influence or punish a country, government, organisation or individuals for their behaviour or policies. The purpose of sanctions is to promote a change in behaviour or achieve a specific political objective. Sanctions may be targeted at legal or natural persons or at organisations, such as terrorist groups. Sanctions may include various types of restrictions, including freezing of funds and assets, prohibition of investments, import and export restrictions as well as entry prohibition.

## 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 any financial transaction entails the risk that the company in question may be misused for criminal purposes. The inherent risk that AL Bank may be misused for financial crime, as described in the Bank's risk assessment, is accepted by the Board of Directors.

The Board of Directors has also laid down a general principle that risks associated with money laundering, terrorism financing and sanctions violations must be limited to the greatest possible extent in accordance with a risk-based approach.

### 2.2 AL Bank's business model

AL Bank's business model is to be a nationwide full-service bank offering all common types of financial products and services combined with advice to private individuals, associations and small and medium-sized enterprises primarily in Denmark.

AL Bank's core business is traditional banking with activities in deposits and loans, payment services, securities trading and asset management as well as the provision of mortgage products, investment management products and insurance products via business partners.

AL Bank does not offer complex and individually developed products that focus on speculative transactions.

## 3. Risk management, risk appetite and risk tolerance

### 3.1 Risk management

With this Policy, the Board of Directors wants to ensure that the residual risk (remaining risk) of AL Bank being misused for financial crime is reduced to an acceptable level.

In the recognition that it is not possible to completely eliminate risks of financial crime, the Board of Directors has therefore decided that the Executive Management is responsible for ensuring that the day-to-day operations of AL Bank are organised and structured in such a way that the overall risks are reduced.

The Policy and AL Bank's risk management must be based on the business model and risk assessment within the overall risk management framework laid down in the Group's 'Operational Risk Policy'.

As stated in the risk assessment for AL Bank, the Bank's inherent risk of being misused for financial crime is assessed as being 'possible'<sup>1</sup>.

AL Bank has therefore implemented a number of risk mitigation measures aimed at significantly reducing the risk of being misused for financial crime, see the review of both the inherent risk and the residual risk for the Bank in the risk assessment.

In addition to the risk assessment and this Policy, AL Bank must have in place procedures and controls that help prevent, limit and manage AL Bank's risks in the following areas:

- risk management
- know-your-customer (KYC) procedures
- duty to investigate, register and inform
- storage of data
- screening of employees
- internal controls.

Moreover, relevant employees in AL Bank must undergo training in financial crime prevention and selected and targeted departments and/or groups of employees will receive specialised training in this field.

To mitigate the risk of AL Bank employees misusing their position for financial crime or aiding and abetting in financial crime, the Bank must screen its employees on commencement of their employment and continuously during their employment where there is a risk of misuse of their position.

Finally, AL Bank must have sufficient resources and systems in place to ensure that the Bank is able to comply with the Anti-Money Laundering Act and support the Policy, including the bank's risk mitigation activities and controls.

AL Bank's overall risk management must follow the development in the risk of financial crime and take into account how this development may affect the risk assessment and thus also this Policy as well as AL Bank's procedures and controls.

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<sup>1</sup> This corresponds to '3' on a scale of 1-4.

### 3.2 Risk appetite

One contribution to achieving the strategic goal of reducing the risk of being misused for financial crime to an acceptable level is to ensure that AL Bank's customers fall within the scope of the decided business model. This must be done through the risk appetite determined by Board of Directors, which sets a limit for the risks that the Bank is willing to assume at a strategic level. Reference is made to the 'Operational Risk Policy', which describes the Board of Directors' risk appetite for operational risk, which also covers the field of financial crime.

In addition, the Board of Directors has decided that AL Bank does not wish to establish or continue customer relationships where the Bank is aware of the following:

- Natural and legal persons who use AL Bank's products and services for unlawful activities or to facilitate unlawful activities, including money laundering, terrorism financing, tax evasion, bribery, corruption, human trafficking, insider trading and fraud.
- Natural and legal persons, including beneficial and legal owners and members of the day-to-day management, who are subject to sanctions adopted by the UN, EU, OFAC and OFSI. AL Bank also does not provide services to or make transactions to/from countries, entities, natural or legal persons that are *not* permitted in accordance with the above sanctions.
- Natural and legal persons where the Bank cannot establish the identity of the person, including the beneficial owner(s), for example because the person will not collaborate in meeting the requirements of the statutory KYC procedures.
- Natural and legal persons who cannot account for the origin of their funds and assets when required.
- Natural and legal persons operating without a licence where a licence is required, for example undertakings that offer games of chance for money without a licence, or associations engaged in fundraising without a licence.
- Undertakings that use nominees on their management.
- Undertakings and individuals that trade, exchange or store virtual currency (cryptocurrency) for third parties. However, this does not apply to undertakings that only want to have a basic business account and where the undertaking has a licence where such a licence is required. In such cases, AL Bank applies enhanced customer due diligence, and special approval must be obtained from the Anti-Money Laundering Officer.
- Undertakings that are engaged in currency exchange activities as their main business. However, this does not apply to undertakings that only want to have a basic business account and where the undertaking has a licence where such a licence is required. In such cases, AL Bank applies enhanced customer due diligence, and special approval must be obtained from the Anti-Money Laundering Officer.
- Banks which have no physical presence in any country (shell banks), and which are therefore not subject to regulatory supervision.

### 3.3 Risk tolerance

In addition, the framework for the risk that the Bank wishes to assume is defined in a risk tolerance, which sets out the operational requirements and customer acceptance criteria and states the Board of Directors' risk appetite in relation to specific customer portfolios and customer segments.

The risk tolerance must ensure that AL Bank does not establish customer relationships in its day-to-day operations that are assessed to fall outside the normal scope of AL Bank's business model without

mitigating measures being taken to reduce the risk, as these are customers that must be designated as high-risk customers in accordance with either the existing legislation or the Bank's assessment. The Board of Directors has laid down a number of requirements for these designated customer portfolios and customer segments. This may include requirements that AL Bank must apply enhanced customer due diligence or that special approval must be obtained from the Anti-Money Laundering Officer for certain customer segments. The risk tolerance forms part of the Policy as Appendix 1.

#### 4. Principles for governance, distribution of responsibilities and roles

As the supreme governing body, the Board of Directors has the overall responsibility for AL Bank's compliance with the Anti-Money Laundering Act. The Board of Directors has authorised the Executive Management to ensure, within the framework set out in this Policy, that AL Bank's preventive measures are of an adequate level, see the 'Executive Management Instructions'.

The Anti-Money Laundering Act requires the Board of Directors of AL Bank to ensure that the Bank's general governance is structured in such a way that Compliance and Internal Audit can control and assess whether the Bank's overall measures for prevention of financial crime are organised in accordance with the Anti-Money Laundering Act, see section 8(3) and (4) of the Anti-Money Laundering Act.

The Executive Management of AL Bank must appoint an employee who, as Anti-Money Laundering Officer, see section 7(2) of the Anti-Money Laundering Act, is authorised to make decisions on AL Bank's behalf regarding approval of, for example, procedures, controls and special high-risk customer relationships.

The Anti-Money Laundering Officer in AL Bank must be able to make decisions regarding the Bank's risk exposure in the field of financial crime. Correspondingly, the Anti-Money Laundering Officer must have sufficient knowledge of AL Bank's risk profile and specific risk factors, as identified in the risk assessment.

The Anti-Money Laundering Officer in AL Bank reports to the member of the Executive Management who has been appointed as the executive officer responsible for implementing the requirements of the Anti-Money Laundering Act, see section 8(5) of the Anti-Money Laundering Act.

In addition, the Board of Directors of AL Bank has appointed the Anti-Money Laundering Officer in AL Bank at any given time as the Group Anti-Money Laundering Officer. The Group Anti-Money Laundering Officer has the overall responsibility for the group management in the field of financial crime. The detailed framework for this is laid down in the joint group policy for prevention of financial crime applying to AL Bank, AL Finans A/S and Vestjysk Bank A/S.

AL Bank has the following overall governance in the field of financial crime, as adopted annually by the Executive Management:

Responsible	Area of responsibility
Board of Directors	Approval of the Policy (incl. Appendix 1).
Executive Management	Approval of the risk assessment.
The member of the Executive Management responsible for anti-money laundering	Responsible for implementing the requirements of the Anti-Money Laundering



measures, see section 8(5) of the Anti-Money Laundering Act	Act and regulations issued pursuant to the Act.
Anti-Money Laundering Officer, see section 7(2) of the Anti-Money Laundering Act	Authorised to make decisions on AL Bank's behalf regarding approval of, for example, procedures, controls and special customer relationships.
Compliance Officer, see section 8(3) of the Anti-Money Laundering Act	Must check and assess whether AL Bank's measures for prevention of financial crime are organised and structured in accordance with the Anti-Money Laundering Act.
Internal Audit, see section 8(4) of the Anti-Money Laundering Act	Must check whether AL Bank's policies, procedures and controls are organised and function in an adequate manner.
Other employees	All employees in AL Bank are obliged to comply with the policies, procedures etc. in force at any given time which AL Bank has established for compliance with the requirements laid down pursuant to the Anti-Money Laundering Act and sanctions.

## 5. Deviations and breaches of the Policy

No exemptions can be granted from the Policy without prior approval by the Board of Directors.

The Anti-Money Laundering Officer and the Compliance Officer must be notified immediately of any breach of the Policy that consists of a significant incident, or where one or more systematic incidents may result, or has/have resulted in AL Bank's failure to comply with the Anti-Money Laundering Act or sanctions, and such incident(s) has/have significant consequences to and/or risks for AL Bank.

Breaches of this Policy must also be reported to the Board of Directors and the Executive Management as described in section 8 'Reporting to the Executive Management and the Board of Directors'. In addition, an incident report must be created, see 'Operational Risk Policy'.

## 6. Principles for further delegation of powers

The Board of Directors has decided that the Executive Management and the Anti-Money Laundering Officer may further delegate part of the day-to-day work that follows from the requirements in the Anti-Money Laundering Act.

The principles for such further delegation entail that the Executive Management of AL Bank may assign to the Anti-Money Laundering Officer the day-to-day responsibility for ensuring that the requirements of the Anti-Money Laundering Act are complied with and that the principles of this Policy are implemented and operationalised in connection with the operation and development of AL Bank.

However, in connection with such further delegation, the Executive Management and the Anti-Money Laundering Officer must still check that the requirements of the Anti-Money Laundering Act are complied with. This must be done through a number of measures, including that of the Anti-Money

Laundrying Officer reporting to the Executive Management at regular intervals on policy anchoring and compliance, including whether the Bank complies with the risk appetite and risk tolerance set by the Board of Directors, see section 8 'Reporting to the Executive Management and the Board of Directors' in this connection.

## 7. Control and monitoring

AL Bank's controls are intended to ensure the efficient prevention of financial crime. The nature of the controls varies depending on the scope and level of the risk. The purpose of the controls is to ensure that the measures are concentrated on the customers etc. for which the risk is regarded as greatest.

The KYC procedures require verification of the customers' identity etc. and knowledge of the customers' expected business volume. In addition, depending on the risk classification of the customer, the KYC data must be updated on a regular basis.

Correspondingly, transaction monitoring is organised in such a way that the riskiest transactions are selected for manual review. This ensures a risk-based approach to control and monitoring of customer relationships.

## 8. Reporting to the Executive Management and the Board of Directors

At least once a year, the Anti-Money Laundering Officer must report to the Board of Directors and the Executive Management of AL Bank on policy anchoring and compliance, including whether the Bank complies with the risk appetite and risk tolerance set by the Board of Directors. This reporting forms an integral part of the Anti-Money Laundering Officer's quarterly and annual reports.

In addition, the Anti-Money Laundering Officer must report significant incidents to the Executive Management member responsible for anti-money laundering measures, including significant breaches of this Policy or violations of the applicable legislation as well as specific cases where it is assessed that it could have significant consequences for the Bank and/or may cause damage to the Bank's reputation. In consultation with the Executive Management member responsible for anti-money laundering measures, the Anti-Money Laundering Officer must assess whether the nature and seriousness of the incident or the contents of the case are such that it must be reported to the Board of Directors.

The Executive Management must, without undue delay, report to the Board of Directors regarding warnings received from other parties, including from Danish and foreign authorities, external auditors, whistleblowers and consultants, about money laundering or terrorism financing. Correspondingly, the Anti-Money Laundering Officer and other key persons appointed in accordance with the Danish Financial Business Act are obliged to report any warnings to the Executive Management or the Board of Directors without undue delay. If a warning from employees is reported to the Executive Management, the Executive Management must report the warning to the Board of Directors.

However, the Anti-Money Laundering Officer may assess, in consultation with the Executive Management member responsible for anti-money laundering, the Executive Management or other designated key individuals in AL Bank, whether a given communication has such a peripheral connection with and relevance to the Bank, customers, employees, group companies etc. that it cannot be regarded as constituting a warning.

## 9. Updating and entry into force

The Board of Directors will assess this Policy at least once a year in continuation of the updating of the risk assessment and make the necessary adjustments based on a recommendation from the Executive Management. The Policy will also be revised in the event of significant changes to the conditions that the Policy concerns, for example in connection with significant changes to the applicable legislation in this field.

The Policy will enter into force on 23 April 2025.

Approved by the Board of Directors of

A/S Arbejdernes Landsbank

23 April 2025