

Policy on the prevention of money laundering, financing of terrorism and violations of sanctions at the Jyske Bank Group

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1. Purpose

The purpose of this policy on the prevention of money laundering, financing of terrorism and violations of sanctions is to lay down the basic rules, which the Jyske Bank Group (the Group) must comply with to prevent that the Group is exposed to abuse for money laundering, financing of terrorism or violation of sanctions. In no way does the Group wish to be abused for money laundering and financing of terrorism, and the Group cooperates with the authorities to prevent this from happening.

2. Scope

This policy shall apply to all employees of Jyske Bank A/S, Jyske Realkredit A/S and Jyske Finans A/S as of the time of the adoption of this policy. In the event of discrepancy between this policy and local regulations, the Executive Board of the subsidiary may adopt the policy with deviations if this is approved by the Group Executive Board and the coordinating MLRO (money-laundering reporting officer) of the Jyske Bank Group.

Jyske Invest Fund Management A/S is not subject to the requirements of the Danish Act on Measures to Prevent Money Laundering and Financing of Terrorism, and therefore this company shall not be covered by this policy.

3. Definitions

3.1. Money laundering

Money laundering means receiving or obtaining for oneself or others part of a financial gain or funds originating from a criminal offence. Money laundering also means hiding, storing, transporting or using funds or other assets, well aware that they derive from criminal activity. The definitions shall be construed in accordance with Article 1(3) of the EU Directive 2015/849 of 20 May 2015.

3.2. Financing of terrorism

Financing of terrorism means the collection or transfer of funds with the intention of applying the funds towards granting financial support to terrorists, potential terrorists or terrorist organisations – or being well aware that they will be applied towards such purposes. The definitions shall be construed in accordance with Article 1(5) of the EU Directive 2015/849 of 20 May 2015.

3.3. Financial sanctions

The European Union (EU) and the United Nations (UN) may adopt sanctions against a country if, despite several requests to do the opposite, it continues to violate international agreements, for instance, on human rights. Sanctions will typically be weapon embargoes, entry bans to the EU, freezing of funds and movable property, ban on investments as well as bans on export/import of certain goods. Sanctions may also directly target natural or legal persons, as may be the case in connection with sanctions against terrorism.

4. Risk-based approach

The Group has a risk-based approach to the prevention of money laundering and the financing of terrorism. The risk-based approach entails identification, assessment and an understanding of the risks of being abused for money laundering and the financing of terrorism to which the Group is exposed as well as the establishment of appropriate measures to eliminate these risks efficiently. The extent and the frequency or the intensity of measures will be more extensive where the risk is assessed to be higher and similarly be reduced where the risk is assessed to be lower.

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5. General guidelines for the Jyske Bank Group's risk appetite

The Jyske Bank Group does not wish to enter into client relationships with certain persons/companies. At the time this policy is adopted, these are:

- 1) Direct or indirect business relations with banks with no physical presence in a country (shell banks).
- 2) Persons or companies in sectors in which the risk of money laundering or financing of terrorism is assessed to be high. Currently such companies are assessed to include dealers of virtual currencies (for instance, Bitcoins). By dealers of virtual currencies are meant persons or businesses that trade virtual currencies on behalf of others, also in the event a private individual trades on behalf of others.
- 3) Companies whose beneficial owners do not appear from a public company register, no matter whether they are beneficial owners on the basis of ownership interests, voting rights or controlling interest, or that the senior management official(s) has been appointed beneficial owners. If this is the case, a reliable explanation and documentation from the company are required.

Moreover, the Group does not wish to make accounts available to the following:

- 4) Gaming companies through which transactions will be executed between the gaming company and the gambler. This is not solely limited to gaming companies, but shall also apply in the event private individuals act as an intermediary between other gamblers and a gaming company.

In addition, the Group's payment infrastructure may not be used for transactions concerning the certain persons/companies which are not accepted by the Bank, cf. no. 1), 2) and 4) above.

6. Measures for the prevention of money laundering and the financing of terrorism in the Group

The Group has launched several initiatives to secure compliance with the requirements set forward in this policy. The Group will on an on-going basis reassess existing policies, business procedures, controls and IT systems and make the necessary improvements in order efficiently to adhere to a risk-based approach.

6.1. Governance set-up

The Group has a governance set-up in respect of anti-money laundering. This set-up consists of three fora at three levels. Participants at the third and highest level, Strategic Forum (hereinafter SF) are Jyske Realkredit as a permanent participant and, in addition, Jyske Finans will participate if and when needed. The member of the Executive Board who is responsible for the area of anti-money laundering at Jyske Bank A/S will chair the SF.

The principal task of the SF is to secure that in all respects and at any time the Jyske Bank Group will adhere to the Group's anti-money laundering policy. In addition, the SF is responsible for the launch of initiatives targeting money laundering issues in compliance and audit reports, also entailing that the SF must ensure the necessary focus in the organisation. Minutes from the SF shall be submitted to the Group Supervisory Board and the Group Executive Board as well as to the forum under the SF.

6.2. Money-laundering reporting officers of the Jyske Bank Group's companies

The Executive Board of Jyske Bank A/S has appointed a money-laundering reporting officer (MLRO). The other companies in the Group must also have an MLRO. The MLROs of the individual companies shall report to the MLRO of the Jyske Bank Group, whose role is described in detail below.

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6.3. Group MLRO (money-laundering reporting officer) of the Jyske Bank Group

The Jyske Bank Group has appointed a Group MLRO. The duties of the MLRO are:

- to ensure that the Group's companies comply with the Group's policy and procedures with due regard to the national legislation that the Group's units are subject to
- to receive and process reporting from the MLROs of the Group's companies
- to ensure that throughout the Group, the necessary measures are taken to prevent money laundering and the financing of terrorism
- to have an overview of the measures for the prevention of money laundering and the financing of terrorism at the various group companies

6.4. Group risk assessment

The Group has activities in several markets with a wide offering of finance products for several client segments. On an on-going basis, a risk assessment must be prepared at Group level where the Group's inherent risk of being abused for money laundering and financing of terrorism will be assessed.

6.5. Customer due diligence

The Group must have knowledge of the correct identity of the client, including the beneficial owners of a company. In addition to knowing the client's real identity, the Group has a risk-based approach when obtaining, registering and monitoring data relating to the client's purpose and the nature of the business relationship. The data collected according to the above outline will form the basis of the risk assessment of the client.

In the event of higher risk, the Group must make further arrangements to exercise customer due diligence and, in addition, on-going customer due diligence must be exercised for all client relationships. Each group company is to define the detailed framework for this.

If sufficient customer due diligence cannot be exercised, establishment of the client relationship will be rejected. If, in connection with an existing client relationship, it is not possible to exercise sufficient customer due diligence, and it is assessed that the client will pose a risk that the Group will be abused for money laundering or financing of terrorism, the client relationship must be discontinued.

To ensure that persons defined as politically exposed persons (PEP), close personal or professional associates of a PEP are identified and registered, screening must take place in all group companies.

6.6. Monitoring

Using a risk-based approach, the Group shall on an on-going basis monitor clients and transactions.

6.7. Training and awareness

High standards of the level of knowledge in the prevention of money laundering and financing of terrorism shall be secured through updated business procedures and continuous training tailored to the various group companies and to the competency profiles of the employees. Each company shall be responsible for the training of its employees, including the on-going supplementary training.

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7. Sanctions

The Group makes determined efforts to comply with international sanctions and must comply with the following sanctions

1. EU sanctions
2. UN sanctions

From a business point of view, the group companies may also opt to comply with other sanction lists.

8. Notification

If suspicion of money laundering or financing of terrorism cannot be disproved, the individual group company shall be under the obligation to notify the appropriate authority.

9. Reporting

The coordinating MLRO must ensure that material or debatable events or events concerned with principles of general interest are reported to relevant stakeholders.

Reporting must take place immediately in the event of a risk that punishment will be imposed on the Jyske Bank Group, that the Jyske Bank Group will be held liable for damages, or that other sanctions will be imposed on the Jyske Bank Group, or that, in other ways, the Jyske Bank Group will suffer losses, including loss of reputation in consequence of units of the Jyske Bank Group not complying with legal acts, rules and norms within the area of prevention of money laundering. Reporting must take place to the member of the Executive Board of Jyske Bank A/S responsible for the prevention of money laundering, according to S.8(5) of the Danish Act on Measures to Prevent Money Laundering and Financing of Terrorism as well as the chief compliance officer at management level for Jyske Bank A/S, according to S.8(3) of the Danish Act on Measures to Prevent Money Laundering and Financing of Terrorism.

10. Update

This policy is to be updated in connection with the update of the Jyske Bank Group's risk assessment in respect of money laundering. Such updates must take place at least every year.

11. Approval

This policy has been approved by

The Group Executive Board of Jyske Bank A/S
Silkeborg, 07.10.2021

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