

## **Policy on the prevention of money laundering, financing of terrorism and violations of sanctions at Jyske Bank A/S**

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# **Policy on the prevention of money laundering, financing of terrorism and violations of sanctions at Jyske Bank A/S**

## **1. Scope**

This policy applies to all employees of Jyske Bank A/S.

## **2. Objective of risk management**

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 Jyske Bank A/S must comply with to prevent that the Bank is exposed to abuse for money laundering, financing of terrorism or violation of sanctions. The circumstances are described and elaborated on in the Bank's internal business procedures. In no way does the Bank wish to be abused for money laundering and financing of terrorism, and the Bank cooperates with the authorities to prevent this from happening.

Being a part of the Jyske Bank Group, the Bank moreover adheres to "Policy on the prevention of money laundering, financing of terrorism and violations of sanctions in the Jyske Bank Group".

## **3. Management, administration and allocation of responsibility organisationally in the company**

As of 1 January 2018, Peter Schleidt, Managing Director, was appointed the responsible member of the Executive Board to be responsible for Jyske Bank's compliance with the requirements of the Danish Act on Measures to Prevent Money Laundering and Financing of Terrorism and the rules issued in consequence of this, cf. S.8(5) of the Danish Act on Measures to Prevent Money Laundering and Financing of Terrorism.

Søren Skyum Elbert, Director, has been appointed chief compliance officer, cf. S.8(3) of the Danish Act on Measures to Prevent Money Laundering and Financing of Terrorism.

The Bank's money-laundering reporting officer, Dorthe Kirkeby, appointed according to S.7(2), is head of the area of Prevention of Financial Crime and reports organisationally to Peter Schleidt, Managing Director. The MLRO (money-laundering reporting officer) reports to relevant interested parties, including Peter Schleidt, Managing Director, on material, fundamental or debatable incidents.

The department "Anti-Money Laundering (AML) & Sanctions" is in charge of Jyske Bank A/S' general efforts to prevent money laundering and financing of terrorism according to the Danish Act on Measures to Prevent Money Laundering and Financing of Terrorism.

The department Kernebank (Core Banking) is in charge of preparing the specifications of requirements that apply within the area of AML, and the department works with Bankdata, which offers systems support for this purpose. Kernebank is responsible for business procedures concerning adviser-oriented business procedures in the ALM area. Moreover, the department is in charge of systems development and process support in relation to customer due diligence.

The departments "Anti-Money Laundering AML" and "Anti-Money Laundering KYC" belong under the business unit Business Services:

- "Anti-Money Laundering AML, Team Transactions" processes AML/CTF-related alarms from Jyske Bank A/S' monitoring system.

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- “Anti-Money Laundering AML, Team Client Assessment, Fraud & Objections” follows up on clients for whom notification has been made to the Money Laundering Secretariat (the Danish FIU) and is in charge of the Jyske Bank Group’s Fraud Management.
- “Anti-Money Laundering KYC” carries out various controls, including control of the client registration carried out by business units so this registration will meet the requirements made by Jyske Bank A/S to comply with the Danish Act on Measures to Prevent Money Laundering and Financing of Terrorism.

The area of Customer Due Diligence and Anti-Money Laundering is responsible for continuously assessing whether some processes should be optimized.

### **4. Areas of responsibility of the MLRO (money-laundering reporting officer)**

It is the responsibility of the MLRO (money-laundering reporting officer) to:

- ensure that the Bank’s business procedures and internal procedures at all times reflect current legislation and rules guiding the money laundering area;
- ensure sufficient internal control procedures for compliance with the rules in the money laundering area. The controls must be performed on an ongoing basis, and the result of the controls must be reported to the management;
- establish and assess whether sufficient internal controls have been established in the area of anti-money laundering;
- approve the establishment and continuation of client relationships with politically exposed persons;
- approve the establishment of cross-border correspondent bank relations outside the EU/EEA;
- approve the establishment and continuation of business relations who are domiciled in a country that is included in the EU Commission’s list of high-risk third-party countries or carry out transactions to or from such countries;
- approve the establishment of business relations to money transfer companies or currency exchange companies; and
- approve the establishment and changes to scenarios of the automated monitoring.

In the event of the absence of the MLRO (money-laundering reporting officer), a substitute has been appointed.

### **5. Risk assessment**

The Bank must make a risk assessment of the money laundering area, assessing which areas entail the largest risk that the Bank will be exposed to abuse for money laundering, financing of terrorism or violation of sanctions. The risk assessment must be updated annually or more often if relevant.

### **6. Governance set-up**

The Bank has established a governance set-up in the area of anti-money laundering. The set-up is structured into three levels: Operational Forum, Tactical Forum and Strategic Forum. Operational Forum is to ensure efficient day-to-day routines in the area of anti-money laundering. The purpose of the Tactical Forum is to secure consistency in the Jyske Bank Group’s efforts in line with operations while at the same time making

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sure that the initiatives decided on are implemented. The purpose of the Strategic Forum - in which the member of the Executive Board in charge participates - is to secure that the Jyske Bank Group at any time complies with the Jyske Bank Group's anti-money laundering policy. In addition, it is the responsibility of the Strategic Forum to take a stand on the development in relation to money-laundering-related notes in compliance and audit reports and secure the necessary focus in the organisation, including reports on material issues to the Group Executive Board and the Supervisory Board.

All three fora may, as and when required, call in participants from other business units, including Jyske Finans. Jyske Realkredit has a permanent representative in the Strategic Forum and the Tactical Forum.

### **7. Business procedures**

Business procedures must be available for the Bank's employees, and they must clearly describe the measures that must be taken to reduce the risk that the Bank is exposed to abuse for money laundering, financing of terrorism or violation of sanctions.

### **8. Training**

Training of the Bank's employees must ensure knowledge of the duties that the individual employee has when performing his or her job. The training is offered at suitable intervals and is tailored to the various competence profiles. Documentation must be prepared, showing which employees have completed the training and when it was completed.

### **9. Risk taking - Risk areas and delimitation of risks**

The areas that in the Bank's risk assessment in 2021 were identified as having the highest residual risk in respect of the Bank being exposed to abuse for money laundering were netbank and mobilbank and neobanks.

The areas that were identified as having the highest residual risk in respect of the Bank being exposed to abuse for financing of terrorism are neobanks.

#### **Clients**

The Bank wishes to target its activities at private individuals with a material affiliation to Denmark - either via activities in the Danish branch network or in Jyske Bank Online (JBO). By a material affiliation to Denmark is to be understood that the client

- resides in Denmark;
- resides temporarily in Denmark;
- is a wage/salary earner in Denmark;
- is temporarily stationed outside Denmark;
- is a recipient of public benefits from Denmark;
- has real property in Denmark;
- is a Danish citizen
- has a postal address in Denmark;
- has company in Denmark; or
- has a spouse or children meeting one of the above criteria.

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The Bank wishes primarily to target its corporate client activities at clients with a material affiliation to Denmark. By a material affiliation to Denmark is to be understood that one of the following conditions must be met:

- the foreign company must have at least one beneficial owner holding a Danish citizenship;
- the foreign company must be a consolidated company of a Danish company;
- The foreign company must pursue material activities in Denmark.

Moreover, the Bank wants its clients, to the greatest extent possible, to be full-service clients, i.e. that the clients hold all their accounts with the Bank.

The Bank does not wish to establish or continue relationships with persons or companies where one or more of the issues below apply:

- the company runs a business which is by the Bank considered controversial, to the effect it is assessed to be a large potential risk of a negative impact on the Bank's reputation,
- account is used for criminal purposes;
- the person or the company has given incorrect information in order to open an account in instances where the correct information would have resulted in a rejection;
- the person is not entitled to have legal residency in a country within the European Union or a country with which the Union has signed an agreement;
- the person or the company has committed a criminal act against the Bank;
- the person or the company has acted offensively or to the considerable inconvenience of the Bank's employees or clients;
- the company has a non-transparent company structure; or
- persons or companies use the account for purposes other than originally stated and in violation of the Bank's guidelines for account use.

The list is non-exhaustive. Consequently, other terms and conditions of the Bank's other policies and procedures may also give rise to rejection of establishment or termination of existing client relationships.

To ensure that persons identified as politically exposed persons (PEP) are identified and registered in the Bank's systems, a screening is carried out at the client registration. In addition, screenings are on an ongoing basis carried out of the existing client base.

Client relationships with a PEP are subject to approval by the MLRO (money-laundering reporting officer). It must be established in the Bank's business procedure at which intervals the client relationship must be approved.

### **Correspondent bank relations and network banks**

Establishment and continuation of client relationships with correspondent banks and network banks must meet the requirements of the business policy in force from time to time. "Jyske Bank's business model for correspondent bank relations and network banks". Where in connection with the establishment of a client relationship we subsequently see negative information linked to a client, an adviser or director at Corporate and Institutional Banking (CIB) must approve the establishment after the continuation. In addition, approval

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by the MLRO (money-laundering reporting officer) is required in connection with cross-border correspondent bank relations outside the EU/EEA.

The following restrictions apply:

- The Bank will only establish correspondent bank relations, if this is based on a requirement from the Bank's existing clients.
- The Bank does not offer accounts in foreign currency but solely in Danish kroner for payments on behalf of third parties.
- The Bank does not offer active downstream clearing
- The Bank does not establish an RMA for banks that do not have a physical presence (shell banks).

### **10. Ban on companies and persons associated with high risk**

The Bank 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 day-to-day management has been appointed beneficial owners. If this is the case, a reliable explanation and documentation from the company are required in this respect.

Moreover, the Bank 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.
- 5) Gaming companies that deposit cash originating from gaming.

In addition, the Bank's payment infrastructure cannot be used for transactions concerning the execution of the company types that are not accepted by the bank, cf. items 1), 2) and 4) above.

### **11. Customer due diligence**

When new client relationships are established, the Bank must know the correct identity of the client, including the beneficial owners of the company. This is ensured by gathering identity information about all clients and beneficial owners. In addition, information about the purpose and the nature of the client relationship established is gathered, including information about the origin of the assets. The higher the risk that is associated with the specific client relationship, the higher the requirements of identification and information about purpose and nature.

The information obtained forms the basis of the Bank's risk assessment and monitoring of the individual client relationship. On the basis of the risk assessment of the individual client, further customer due diligence will be carried out if necessary. This is laid down in the Bank's business procedures.

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Where it is not possible to carry out sufficient customer due diligence, the client relationship cannot be established, and in case of an existing client relationship it must on the basis of a specific assessment be decided whether the client relationship should be terminated.

As of 1 January 2019, the Bank has introduced the requirement that new corporate clients and corporate clients unknown to the Bank must employ an approved accountant.

### **12. Monitoring**

The Bank must on an ongoing basis monitor clients and transactions, and suspicious and atypical behaviour must be identified and investigated. Clients assessed to be associated with a higher risk shall be subject to enhanced monitoring.

The typical money laundering typologies that can be addressed through transaction monitoring and that are assess especially relevant are cash, cross-border transfers and log-on to the netbank from high-risk areas.

#### **Principles and standards for transaction monitoring**

Transaction monitoring takes place both by automated and manual means. The automated part is performed by an IT tool, and the manual part is carried out when the employees' exercise their duty of attention when attending to a client.

The automated monitoring is performed on the basis of scenarios (sets of rules) established and configured in an IT tool handling the transaction monitoring. The scenarios describe (for each client group) rules governing what should trigger alarms.

Establishment of and changes to scenarios must be decided in a forum including employees from 'Anti-Money Laundering AML', 'Anti-Money Laundering (AML) & Sanctions', and 'AML/KYC Development'. The final approval of establishment of and changes to scenarios is to be given by the MLRO.

Transaction monitoring relates, among other things, to the risk assessment that clients are subjected to in connection with the information obtained through customer due diligence, as the scenarios are adjusted and adapted on the basis of the risk groups, among other things.

If transaction monitoring gives rise to any notification, follow-up must be duly made on which consequences the notification should have for the client relationship, including the question whether the client relationship should be brought to an end.

#### **Principles for investigation and decision on notification**

Once an alarm has been generated in the IT tool, it must first be assessed whether it is a 'false positive'. If this is not the case, investigation of alarms is initiated to confirm or deny whether there is suspicion of money laundering or financing of terrorism. Notification can only be omitted if the suspicion can be dismissed in full. Decision of notification is vested with the department that submits the notifications. In the event of doubt, the decision is to be escalated to Anti-Money Laundering (AML) & Sanctions. Documentation of investigations and notifications must be stored according to current rules.

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### **13. Sanctions**

The Bank complies with the sanctions lists adopted by the European Union (EU), the United Nations (UN), relevant sanctions lists adopted by the US Department of the Treasury, Office of Foreign Assets Control (OFAC) and relevant sanctions lists adopted by Her Majesty's Treasury (HM Treasury). The Bank's clients, including beneficial owners, and foreign transactions are screened against these sanctions lists.

### **14. Notification**

If suspicion of money laundering or financing of terrorism cannot be disproved, the Bank will notify the Money Laundering Secretariat (the Danish FIU).

### **15. Reporting**

The Bank's 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 that there is a risk that punishment will be imposed on the Bank, that the Bank will be held liable for damages, or other sanctions will be imposed on the Bank, or that, in other ways, the Bank will suffer losses, including loss of reputation in consequence of the Bank's non-compliance with acts, rules and norms within the area of prevention of money laundering. Reporting must take place to the member of the Executive Board in charge of the anti-money laundering area as well as to the head of Compliance.

Warnings about money laundering or financing of terrorism received from others, including Danish and foreign authorities, external auditors and consultants as well as whistleblowers must without undue delay be reported to the Group Supervisory Board. The reporting obligation has been imposed on the Executive Board as well as key persons, cf. S.36 (a) of the Danish Act on Measures to Prevent Money Laundering and Financing of Terrorism. Employees at Jyske Bank A/S must, if they receive such warnings, report these to the MLRO.

### **16. Strategic targets**

The strategic targets in the area of anti-money laundering until March 2024 include, among other things, strengthening of the self-service systems for obtaining customer due diligence information, centralisation of the processing of customer due diligence information, and integration of Handelsbanken.

A self-service solution enables clients, through the Bank's digital platforms, themselves to update customer due diligence information, including purpose and scope data.

In connection with the integration of Handelsbanken, the structure of policies, risk assessments, and the governance set-up will be reassessed.

### **17. Update**

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



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### **18. Approval**

This policy for Jyske Bank A/S has been approved by

The Group Executive Board of Jyske Bank A/S, Silkeborg den 09.03.2023

Anders Dam

Niels Erik Jakobsen

Per Skovhus

Peter Schleidt