



Policy

AML Policy for SPAR NORD BANK A/S

Sender: Karin Duerlund
Date: April 14th 2021

Content	
Purpose	2
Objective	2
Risk assessment and risk strategy	2
Risk management	3
Risk mitigation measures	4
New products	5
Controls	5
Reporting	6
Approval and updates	6

Purpose

The AML policy for Spar Nord Bank A / S (hereinafter the bank) has been prepared in accordance with the bank's vision, strategy, and business model.

The purpose of this AML policy is to set the bank's objectives for the risk of being used for money laundering, terrorist financing, economic crime, and breaches of financial sanctions, and to set out in general the risk factors that the bank wishes to undertake and to lay down guidelines for the measures to be initiated to reduce the bank's risk.

The AML policy must also ensure that the bank is compliant with the Danish Act on Money Laundering and Terrorist Financing, the Money Transfer Regulation, and the EU Terrorism Regulations.

This policy, together with internal sub-policies, constitutes:

- Risk appetite policy and risk mitigation measures around money laundering.
- Policy for roles and division of responsibilities around money laundering.
- Policy for training and screening of employees around money laundering.
- Policy for transaction monitoring and sanction screening

Objective

The bank's objective is to minimize the risk of being used for money laundering, terrorist financing and breaches of financial sanctions.

The bank has a generally low risk appetite for being used for money laundering, terrorist financing or breaches of financial sanctions.

The bank has a zero tolerance for customer relationships on suspicion of terrorist financing.

Risk assessment and risk strategy

The bank's overall and inherent risk of being used for money laundering and terrorist financing has been assessed in the Risk Assessment from April 2021 submitted to the Executive Board on 14 April 2021.

Based on the separate analyzes in the bank's risk assessment from April 2021, the bank's risk of being used for money laundering is assessed to be between medium to high and for terrorist financing to be medium.

The bank's business model stipulates that the core of the bank's business is to operate a bank for ordinary private and business customers. The bank strives for a general low to medium risk appetite, which i.a. is reflected in the bank's credit policy and trading arrangements.

The bank's risk appetite around money laundering is formulated in the policy objective, and the appetite for the risk of abuse for money laundering, terrorist financing and breaches of financial sanctions is set at low.

The analyzes show that the bank's inherent risk in principle exceeds the bank's formulated risk appetite on money laundering. This policy together with the sub-policy sets out rules for the risk mitigation measures to be taken to reduce the risk of money laundering so that the risk does not exceed the bank's risk appetite.

By implementing the risk mitigation measures, and good compliance among the bank's employees, the bank's objectives around money laundering will be met.

In the work of determining risk mitigation measures, special attention must be paid to the identified risk-increasing and risk mitigation factors.

Risk management

The bank's risk management is based on a risk-based approach. The determination of risk mitigation measures must therefore be based on the assessed risk associated with the individual customer groups, products, and other factors. The measures are increased where the risk is greatest.

A risk rating of the Bank's customers is based on the following:

- Private customers:
 - High:
 - Partial customers
 - Customers who are not physically present when the customer relationship is established (except minors where the customer relationship is created by the parents or grandparents)
 - Customers residing outside the EU/EEA or equivalent countries that do not have closer relations with Denmark
 - PEPs (political exposed persons) (separate business procedure to establish and monitor such customers)
 - Medium:
 - Customers with common transactions accounts and deposits and loan products
 - Low:
 - Customer who only holds accounts in the form of "special deposits"
- Corporate customers
 - High:
 - Customers within high-risk AML branches
 - Customers who are not physically present when the customer relationship is established
 - Customers residing outside the EU/EEA or equivalent countries that do not have closer relations with Denmark
 - Customers with close business relationship in countries with increased risk of money laundering or terror.
 - Medium:
 - Customers with common commercial domestic/foreign products and guarantees
 - Low:
 - Semi-public companies with deposit and loan account
- Correspondent banks
 - Separate business procedure to establish such correspondent banking relationships.

As part of the bank's risk management of money laundering risks, the identified risk factors must be monitored and assessed on an ongoing basis, including checking whether the risk mitigation measures implemented function sufficiently to bring the risk down to the level of the bank's risk appetite around money laundering.

Ongoing Due Diligence (ODD) in the customer's changed circumstances or as a minimum:

- Every year for high-risk customers.
- Every 4 years for normal risk customers.

- Every 7 years for low-risk customers.

High risk customers must document the source of funds and wealth.

Risk mitigation measures

The policy for risk appetite and risk mitigation measures around money laundering, defines the risk factors that the bank wishes to take on and the risk mitigation measures that must be implemented to reduce the bank's risk of being used for money laundering, terrorist financing and breaches of sanctions.

In general, the following "money laundering obligations" must be observed:

1. Know your customer procedures

When establishing customer relationships and during the customer relationship, Know your customer procedures must be followed in accordance with the bank's rules and guidelines:

- Understand the purpose of the customer relationship and the intended nature.
- Gain insight into and see through the customer's business model.
- Obtain information and documentation when required on the origin of the current assets and assets.
- Can identify and legitimize the real owners.
- That there has been a physical attendance, including a skype meeting with the customer, so that the customer's identity can be confirmed, or the customer has been created via sparnord.dk/basalindlån using NemID (Applies only to private customers resident in Denmark).

For customers residing abroad, the customer must have a connection to Denmark, and the bank must have sufficient insight to understand the connection and understand the business need to maintain an account in Denmark.

Especially for business customers, this is a requirement

- That a physical meeting has been held before or in connection with the customer creation, including a skype meeting with the customer
- That the customer has an auditor and that this is registered on the customer in the CVR-register.
- That the customer submits accounts or in the case of newly established companies a business plan

Procedure is prepared in such a way that, based on a risk-based approach, it is ensured that the customer's identity is sufficiently established, and that the customer relationship does not otherwise expose the bank to the risk of misuse for money laundering, terrorist financing or breaches of sanctions.

The bank does not wish to enter into or continue customer relationships with the following:

- Empty banking companies.
- Gambling establishments,
- Currency exchange agencies.
- Individuals or companies that trade or mediate cryptocurrencies, such as Bitcoin, on behalf of others.
- Individuals or companies operating within the "Red Light" industry

Apartment customers:

- The bank does not service occasional customers (not customers) in relation to currency exchanges, payment of payment cards (FI cards), money transfers, including abroad, as well as payments to accounts belonging to Spar Nord customers.

Currency / cash:

- The bank does not hand out 1000 kroner banknotes in the branches.

2. Duty to investigate and list

All employees are responsible for contacting the AML & Fraud Function when finding complex or unusually large transactions or activities that do not have a clear business or demonstrable legal purpose.

The AML & Fraud function is, based on such an inquiry, responsible for investigating the background and possibly suspicion of such transactions.

The AML & Fraud function is obliged to otherwise investigate complex or unusually large transactions and activities that do not have a clear financial or demonstrable legal purpose. Results of the studies are noted.

3. Transaction monitoring

Customer's transactions must be effectively monitored for an assessment of whether customers' activities are in accordance with the bank's knowledge of customer relationships, including actual and expected business volumes and whether the activities in general appear suspicious.

4. Duty to notify

In case of any suspicion that a transaction, funds or a customer inquiry is related to money laundering or terrorist financing, the bank's employees must contact the AML & Fraud Function for notification to the Public Prosecutor for Special Economic and International Crime. If the suspicion cannot be immediately ruled out, the AML & Fraud Function must immediately notify the Public Prosecutor for Special Economic and International Crime.

5. Duty to keep

All documents and records about customers, including information about customer identity, customer transactions and results of surveys must be kept for at least 5 years after the end of the customer relationship. In this regard, the rules on personal data protection must be observed.

6. Screening against sanction lists and AML assessment of special foreign products

International payments are screened so that it is ensured that the bank does not violate sanctions against certain countries or persons listed in EU regulations or other international rules.

The bank's Trade Finance transactions are reviewed based on a risk assessment for special risk of being used for money laundering or terrorist financing.

New products

When developing new or significant changes in existing products, the AML & Fraud Function is consulted on whether the product may increase the bank's risk of being used for money laundering or terrorist financing.

Controls

As part of the bank's risk management, the risk mitigation measures must be assessed and controlled.

The Bank's control environment for compliance with money laundering rules, the Payment Regulation, the EU Terrorism Regulation, and other sanctions regulations consists of the following elements:

Ongoing self-monitoring

- The director of his own banking area or business area is responsible for ensuring that compliance with the bank's business procedures is monitored on an ongoing basis. The AML & Fraud function must, to the extent possible, contribute with management reporting in the form of lists and data extracts.
- The bank's AML function carries out ongoing inspections in the money laundering area in accordance with the established inspection program approved by the Executive Board.

Compliance checks and assesses whether procedures and measures to remedy deficiencies are effective, including self-monitoring.

Education

Those of the bank's employees, who are responsible for the execution of client transaction and establishments of new customers relationships must continuously undergo training in the legal framework concerning AML and terrorist financing.

The training must be adapted to employee groups and repeated at an appropriate interval of 2-3 years. When hiring new employees, it must be ensured that these employees carry out the bank's training program within a shorter period (3 months). The general management is responsible for all relevant employees completing the mandatory education concerning AML and terrorist financing.

Reporting

The AML & Fraud function regularly reports to the business directors on the results of the random checks in the business areas.

The AML & Fraud function reports quarterly to the Executive Board and the Board of Directors on compliance with the bank's business procedures and compliance with money laundering legislation.

The AML & Fraud function prepares annual information on the development of the bank's risks of being used for money laundering or terrorist financing, including recommendations for new measures to comply with AML legislation. The briefing includes discussion of any areas where the Executive Board has established an action plan to minimize money laundering risks.

The compliance function reports to the Executive Board on a quarterly basis and to the Board of Directors every six months in connection with the usual compliance reporting.

Approval and updates

Approval

The Head of AML approves the money laundering policies and then sets the policies for final approval.

The sub-policies, Policy for roles and division of responsibilities in the money laundering area and Policy for training and screening of employees in the money laundering area are approved by the Executive Board.

The sub-policy, Policy for risk appetite and risk mitigation measures in the money laundering area, Policy for transaction monitoring and screening and the overall money laundering policy for Spar Nord Bank A/S are finally approved by the Board of Directors.

Updates

When there are significant changes in the bank's money laundering risks or in the bank's environment that require a revision of the policy, the money laundering policy must be revised.

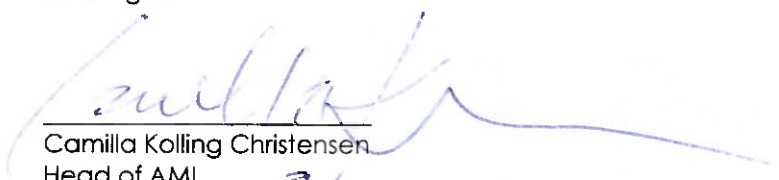
The AML & Fraud function has the operational responsibility for revising and updating the policies.

This money laundering policy replaces the money laundering policy of 15 May 2020.

This money laundering policy is per April 14, 2021 approved by money launderer Camilla Kolling Christensen, and nominated for approval by the Board.

Approved by the Board of Directors on June 22, 2021

Best regards



Camilla Kolling Christensen
Head of AML

7/12-21