



# Policy on Measures against Financial Crime

## 1. OBJECTIVE AND SCOPE

The objective of this Policy is to minimise the risk of financial crime in Landsbankinn's operation and in relations with customers, employees, regulators and other authorities, shareholders, auditors, competitors and other stakeholders. For the purposes of this Policy, financial crime shall mean money laundering, terrorist financing, violations of trade sanctions, fraud, bribery and corruption, market abuse and other illicit enrichment. Landsbankinn's Policy is based on the Act on Measures against Money Laundering and Terrorist Financing, the Act on Implementation of International Sanctions and Freezing of Funds, the Act on Measures to Prevent Market Abuse and the United Nations Convention against Corruption, as well as the General Penal Code of Iceland.

Landsbankinn places great emphasis on full compliance with all legal requirements and on contributing to culture that combats financial crime. It is Landsbankinn's goal to construct its defences in accordance with best practice for financial undertakings, both on an international level and domestically, and to further cooperation between the Bank, authorities and regulators as appropriate. Landsbankinn mitigates the risk of potential financial crime in so far as possible through such action as refraining from conducting business with persons considered to carry too much risk.

In addition to this Policy, Landsbankinn has adopted special rules and procedures for action against financial crime.

The Policy applies to all operation and all employees as well as the Board of Directors of Landsbankinn.

## 2. GOVERNANCE

Landsbankinn has in place effective organisational and managerial processes to mitigate and control the risk of financial crime, including a policy, rules and procedures that are reviewed regularly.

Measures to reduce the risk of financial crime in Landsbankinn's operation are organised in accordance with the Bank's Policy on Internal Control. Rules and procedures based on this Policy at a minimum contain provisions on:

- The performance of due diligence.
- The performance of risk assessment.
- Ongoing monitoring of transactions and business relationships.
- Monitoring of trade sanction and freezing of funds.
- The obligation to report suspicious customer conduct and connected measures.
- Monitoring of market abuse.
- Whistleblowing on corruption and fraud.
- Requirements for hiring and training personnel.

### **3. MANAGEMENT'S RESPONSIBILITIES AS REGARDS THE BANK'S ACTIONS AGAINST FINANCIAL CRIME**

The Executive Board is responsible for ensuring the effectiveness of action to mitigate risk and combat financial crime, such as by actively participating in the analysis of risk, regularly assessing the adequacy of systems and processes in their respective functions, contributing to a healthy corporate culture, ensuring that employees complete mandatory training and informing the Compliance Officer or Chief Audit Executive of any suspicion of financial crime in the Bank's operation.

Landsbankinn has appointed a member of the management body of the Executive Board responsible for AML/CFT. The appointed member is the Managing Director of Corporate Banking. They are responsible for ensuring that action is taken in response to reports and concerns about potential violations against laws and rules on actions to combat money laundering and terrorist financing.

Landsbankinn has appointed a money laundering and reporting officer (MLRO) from among the Bank's managers. The Compliance Officer holds the role of MLRO. The MLRO shall have unrestricted access to customer due diligence, transactions or requests for transactions, together with all documentation which could be of significance for the investigation of suspicious transactions and notifications to the Financial Intelligence Unit (FIU). The MLRO is also responsible for communication with other authorities as concerns action against financial crime.

### **4. MONITORING OF IMPLEMENTATION OF THE POLICY AND EMPLOYEE TRAINING**

The Compliance Officer of Landsbankinn is the second line of defence for the purposes of implementing this Policy and, together with the Bank's Executive Board, ensures that rules and procedures that contribute to coordinated work processes and good implementation of current laws, regulations, internal rules and procedures relating to financial crime are maintained. The Compliance Officer reports to the Board of Directors on the implementation of this Policy as frequently as required at least annually.

Landsbankinn ensures that employees receive dedicated training in the Bank's actions against financial crime at the beginning of employment and regularly throughout the period of employment. This ensures that employees have appropriate knowledge of current laws and rules as well as the internal rules and procedures the Bank has adopted based on such laws and rules.

Review of this Policy shall take place annually or more frequently if necessary.