

# Guidelines for internal control and communication pursuant to the Money Laundering Act's provisions

## 1. OVERALL GOAL

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Through appropriate routines, proper training and competent employees, SpareBank 1 Østlandet shall prevent and detect situations where the bank is being used or attempts are made to use the Bank as part of money laundering or terrorist financing, including preventing and uncovering transactions related to money laundering of proceeds from criminal acts or transactions related to terrorist financing. These guidelines are intended as a general framework that will contribute to fulfilling this objective and complying with money laundering legislation.

## 2. ORGANISATION AND RESPONSIBILITY

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### 2.1 Board of Directors

The Board of Directors has the overall responsibility for implementing and complying with regulations for combating money laundering and terrorist financing. This is done through the establishment of general guidelines for internal control and communication, as well as when reviewing risk assessments and ongoing internal control reports from management.

### 2.2 Chief Executive Officer

The Chief Executive Officer is responsible for ensuring that regulations and board-determined routines regarding money laundering and terrorist financing are implemented in the organisation. In addition, the Chief Executive Officer shall appoint a person in the management group/executive management (executive vice president) who shall have special responsibility for following up compliance with regulations, referred to as the anti-money laundering (AML) compliance officer.

### 2.3 AML Compliance Officer

The AML Compliance Officer (executive vice president, business operations) is designated as the chief officer in the work towards preventing money laundering, corruption and other financial crime in the Bank.

The AML Compliance Officer is responsible for ensuring that external regulations concerning money laundering and terrorist financing are implemented, and that internal routines and guidelines are prepared and documented to a sufficient degree.

The AML Compliance Officer shall ensure that routines have been established for providing information for training the bank's employees in various functions and at different levels, as well as facilitating that such information and training is actually provided. The AML Compliance Officer shall ensure that sound communication routines have been established internally within the Bank that ensure that information about suspicious transactions is dealt with and communicated in accordance with legislative requirements.

The AML Compliance Officer shall further ensure that an electronic surveillance system is established and functions as intended, and periodically evaluate routines and frameworks used for the system. The AML Compliance Officer shall also ensure that satisfactory reporting routines have been established for Økokrim (the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime), as well as satisfactory routines for exchanging information with other AML compliance officers in the financial industry.

The AML Compliance Officer shall ensure that risk analyses and other relevant information in the area of money laundering are periodically prepared for the Bank's management and Board, ref. 4.

The AML Compliance Officer shall coordinate his work with other AML compliance officers in the Group as far as this is considered effective and consistent with legislation.

The AML Compliance Officer can delegate tasks and authority within his area to the Security Manager and his organisation, including a designated specialist officer (head of AML) for anti-money laundering.

## **2.4 Security Manager, Head of AML and other AML personnel**

The Security Manager shall, in consultation with the AML Compliance Officer, ensure that guidelines, routines and other measures are implemented in the area of money laundering, and shall assist both the AML Compliance Officer and other bank managers in carrying out their responsibilities.

The Security Manager shall continuously evaluate the Bank's capacity and competence for carrying out operational work involving financial crime, including money laundering and terrorist financing, and ensure that any deficiencies are reported to the AML Compliance Officer.

The Security Manager shall follow up agreements with any product or service supplier in the money laundering area, including the SLA with Banksamarbeidet.

In order to ensure sufficient focus on compliance with money laundering legislation, the Security Manager shall designate and appoint a Head of AML in his unit which shall be entirely dedicated to tasks within the anti-money laundering area, including being ultimately responsible for case processing and reporting of suspicious transactions to Økokrim.

The Head of AML shall also, in cooperation with managers at different levels, periodically and once a year at a minimum, conduct a risk analysis of the business, customers and portfolios. This analysis shall help form the basis for the nature and scope of risk-based customer measures.

In performing his work, the Head of AML shall cooperate closely with the AML Compliance Officer, the Security Manager and any other AML and security personnel.

## **2.5 Managers at all levels**

Managers at various levels of the organisation shall periodically, and once a year at a minimum, contribute to carrying out an overall risk analysis of their customer and product portfolio looking at the likelihood of money laundering and terrorist financing, and help establish control measures to prevent undesired money laundering risk. Managers shall also ensure that employees in their unit receive the information and training necessary to be sufficiently on guard, exercise KYC (Know Your Customer) procedures and report suspicious transactions as prescribed by money laundering regulations. Managers who observe non-conformance or receive non-conformance reports in

relation to routine KYC and anti-money laundering work in their unit are obliged to rectify the situation as soon as possible.

## **2.6 All employees**

The individual employee is obliged to familiarise himself with the Bank's money laundering routines and manage the ongoing follow-up of credentials and other KYC procedures. Any employee who suspects a money laundering or terrorist financing operation shall immediately report this to their immediate manager and/or head of AML, security manager or AML compliance officer.

## **2.7 Risk Officer and Compliance Officer**

The Risk Officer and Compliance Officer shall independently assess whether the Bank's money laundering risk as well as the risk of inadequate compliance with money laundering regulations (compliance risk) are the subject for proper assessment and sufficient follow-up by the first line of defence. The Compliance Officer shall also carry out risk-based compliance checks. The results of the risk assessments and compliance checks shall be reported periodically to the Bank's management and Board.

## **3. RISK ASSESSMENT AND MEASURES**

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The nature and extent of KYC procedures in relation to legislation, guidelines and other requirements imposed by governmental authorities require that a risk assessment of the business, customers and portfolios is carried out. At a minimum, the risk assessment shall be linked to the geographical area of the business, customer type, industry, product and transaction.

Furthermore, assessments shall be conducted regarding the risk of money laundering and terrorist financing before new products and services are offered, and before new technology is used.

A risk analysis shall be presented annually based on the risk assessment, whereby measures and follow-up are verified based on risk for groups of customers and/or products as well as giving which customers need increased control measures. Secondly, measures shall be determined for ongoing follow-up and control, with emphasis on customers who are defined as needing extra monitoring/an increased control level. Reasons for the decision to put a customer under extra monitoring shall be given.

## **4. REPORTING**

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The Bank shall have reporting routines that ensure the continuous and timely reporting of suspicious transactions from customer advisers and line managers to the head of AML and the AML compliance officer, and possibly passed on to Økokrim.

The status and development of the number of customers with an increased control level and the status of reporting to Økokrim shall be periodically reported to the Bank's management and Board of Directors.

Once a year at a minimum, an analysis of the money laundering risk in the bank as a whole shall be submitted to the Board as well as a confirmation that established control measures function as intended, and that the bank is otherwise compliant with money laundering regulations.