

FAQ – Foreign Correspondents

Prior to the establishment of (cross-boarder) correspondent banking relationships it is necessary for the financial institutions in question (unless the relationship is within the European Union) to obtain information on the other financial institution involved to ensure sufficient understanding of the nature of the respondent's business, including information regarding assessment of the respondent's anti-money laundering and anti-terrorist financing controls, the quality of supervision etc.

As a part of this process, Vestjysk Bank is frequently addressed by correspondent banks with questions to ensure that the bank has adequate anti-money laundering and anti-terrorist financing controls.

On that background answers to most Frequently Asked Questions in respect of Danish anti-money laundering law and Vestjysk Bank's anti-money laundering and anti-terrorist financing programme and procedures have been provided below.

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INFORMATION ON LAWS AND PROCEDURES TO PREVENT MONEY LAUNDERING AND FINANCING OF TERRORISM

A. LEGISLATION

1. Has Denmark established laws designed to prevent money laundering and financing of terrorism - and is your institution subject to such laws?

Act No. 651 of June 8, 2017 on Measures to Prevent Money Laundering and Financing of Terrorism (in the following referred to as "the Act") contains provisions to prevent money laundering and financing of terrorism. The Act came into force on June 26, 2017.

The Act implements the EU 5th directive, directive 2018/843/EU of The European Parliament and of The Council of June 19, 2018 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing (in the following referred to as "the Directive").

The EC Regulation No. 2015/847/EU of the European Parliament and of the Council of May 20, 2015 on information on the payer accompanying transfers of funds (in the following referred to as "the Regulation") applies in Denmark (without any implementing legislation).

Vestjysk Bank is subject to the provisions of the Act, the Directive as implemented by the Act, and the Regulation.

B. SUPERVISION

2. Please name the regulatory body which supervises your institution.

The Danish Financial Supervisory Authority, the Danish FSA (in Danish "Finanstilsynet"), office address: Århusgade 110, 2100 København Ø, Denmark.

"Finanstilsynet" is an agency under the Danish Ministry of Industry, Business and Financial Affairs, but is not overseen by independent Councils.

C. INTERNAL POLICIES, PROGRAMMES ETC.

3. Has your institution established written policies designed to combat money laundering and financing of terrorism?

According to the provisions of the Act, Vestjysk Bank has an obligation to prepare adequate written internal rules about customer due diligence, reporting, record-keeping, internal control, risk assessment, risk management, management controls and communication as well as training and instruction programmes for the bank's employees in order to forestall and prevent money laundering and financing of terrorism.

Written internal rules complying with the above provisions of the Act are established in Vestjysk Bank.

4. Does your institution have an established employee training programme to teach employees about money laundering and financing of terrorism and to assist them in identifying any suspicious activities?

According to the provisions of the Act, Vestjysk Bank has an obligation to ensure that the bank's employees, including management, have received adequate education in the requirements of the Act in order to forestall and prevent money laundering and financing of terrorism.

Therefore Vestjysk Bank has established employee training programmes to ensure sufficient training of the bank's employees in detecting activities in relation to money laundering and financing of terrorism and to ensure sufficient knowledge of the bank's obligations in relation to the Act.

5. Does your institution have an established audit and compliance review function to test the adequacy of anti-money laundering and anti-terrorist financing policies and procedures?

Vestjysk Bank has, according to paragraph 8, subsection 5 of the Act, appointed Michael Nelander Petersen, Managing Director, as responsible for Vestjysk Bank's implementation of the requirements of the Act and rules issued pursuant thereto.

Vestjysk Bank has, according to paragraph 7, subsection 2 of the Act, appointed Rikke Ydegaard, AML-responsible, to ensure that Vestjysk Bank complies with its obligations under the Act, including the obligation to have adequate anti-money laundering and anti-terrorist financing policies, controls and procedures.

6. Does your institution have a written policy to ensure that reasonable measures are taken to obtain information about the true identity of customers so as to ensure legitimate activities – and in the affirmative what is the principal contents of such policy?

According to the provisions of the Act, Vestjysk Bank must require that all customers provide proof of identity, when establishing a business relationship with said customers, including the opening of an account or a custody account. Furthermore, Vestjysk Bank has an obligation to obtain information about each customer's objective regarding the business relationship and the intended extent hereof.

Moreover, Vestjysk Bank has, according to the provisions of the Act, an obligation to take reasonable steps to ascertain the customer's (if the customer is an undertaking) ownership and control structure, and the customer's beneficial owners shall be identified. (However, this provision does not apply if the customer is an undertaking of which the securities have been admitted to trading on a regulated market).

If Vestjysk Bank has knowledge or presumption that a person other than the one the bank is in contact with is the beneficial customer, Vestjysk Bank shall also demand to be informed of the identity, etc., of the beneficial customer in accordance with the provisions of the Act.

According to the Act, Vestjysk Bank has an obligation to pay special attention to customers' activities which, by their nature, could be regarded as being particularly likely to be associated with money laundering or financing of terrorism. This applies in particular to complex or unusually large transactions and all unusual patterns of transactions in relation to said customer. The purpose of such transactions shall, as far as possible, be investigated. The results of such investigation shall be recorded and kept.

The Act provides that the customer relationship shall be monitored on a regular basis. Transactions undertaken throughout the course of said relationship shall be monitored to ensure that the transactions being conducted are consistent with Vestjysk Bank's knowledge of the customer and the customer's business and risk profile, including, where necessary, the source of the funds. Documents, data or other information about the customer shall be kept up to date.

Vestjysk Bank has established written policies and internal procedures to ensure compliance with the Act in respect of the above requirements.

7. Does your institution maintain records on customer identification and account files for a specified period of time and cooperate with local authorities so as to permit investigation of suspicious activities as well as to provide information, if necessary.

According to the provisions of the Act, Vestjysk Bank shall store identity information for not less than five years after the end of the customer relationship. Documents and records relating to transactions shall also be stored for at least five years after the end of the customer relationship. This obligation also applies to notes made by Vestjysk Bank in respect of the purpose of customers' activities which, by their nature, could be regarded as being particularly likely to be

associated with money laundering or financing of terrorism, as well as to notes made on the result of investigations made to clarify said purposes.

The Danish Bookkeeping Act also contains provisions as to obligations in respect of registration and keeping documentation, preservation of accounting records, etc. According to the Danish Bookkeeping Act Vestjysk Bank has an obligation to preserve the accounting records appropriately for five years from the relevant financial year. The bank's accounting records shall be preserved in such a way that it is possible independently and precisely to retrieve the relevant accounting records during the entire preservation period. The Danish Bookkeeping Act provides that a public authority may, in as far as it is entitled pursuant to other Danish legislation, request inspection of the accounting records of Vestjysk Bank.

Vestjysk Bank has established internal rules which fulfil the legislative requirements as to maintaining records on customer identification and accounting files.

Subject to the provisions of the Act, the Danish Data Protection Act and other Danish legislation Vestjysk Bank cooperates with the Public Prosecutor for Serious Economic and International Crime (in Danish "Statsadvokaten for Særlig Økonomisk og International Kriminalitet") regarding notifications made subject to the provisions of the Act.

8. Does your institution have a policy of not opening accounts for a foreign institution that does not have a physical presence in any country (i.e. a foreign shell bank)?

According to the provisions of the Act, Vestjysk Bank may not enter into or continue a correspondent banking relationship with a shell bank, and Vestjysk Bank is obliged to take reasonable measures to avoid a connection with a credit institution which is known to permit shell banks to use its accounts.

Vestjysk Bank complies with said provisions.

9. Is your institution subject to (any other) anti-money laundering provisions when it comes to international money transfers which are routed through you?

The Regulation contains provisions as to information on the payer to accompany transfers of funds for the purposes of the prevention, investigation and detection of money laundering and terrorist financing.

According to the provisions of the Regulation, Vestjysk Bank shall ensure that (international) transfers of funds are accompanied by complete information on the payer. However, where also the other payment service provider is situated within the Community, transfers of funds shall be required to be accompanied only by the account number of the payer or a unique identifier allowing the transaction to be traced back to the payer.

If Vestjysk Bank (as payment service provider for the payee) becomes aware, when receiving transfers of funds, that information on the payer required is missing or incomplete, the bank shall either reject the transfer or ask for complete information on the payer.

Where a payment service provider regularly fails to supply the required information on the payer, the bank shall take steps, which may initially include the issuing of warnings and setting of deadlines, before either rejecting any future transfers of funds from that payment service provider or deciding whether or not to restrict or terminate the business relationship with that payment service provider. The bank has an obligation to report such facts to the authorities responsible for combating money laundering or terrorist financing.

10. Is there an established method at your institution for reporting suspicious activities and transactions to the appropriate authorities?

The Act provides that if there is a suspicion that a customer's transaction or enquiry is or has been associated with money laundering or financing of terrorism, Vestjysk Bank shall investigate the transaction or enquiry in more detail, and if the suspicion cannot be disproved, the Public Prosecutor for Serious Economic and International Crime (in Danish "Statsadvokaten for Særlig Økonomisk og International Kriminalitet") shall be informed immediately.

Vestjysk Bank has established adequate procedures and methods in regards to communication and reporting in respect of the bank's reporting obligation referred to above.

11. Does your institution have a policy of protecting employees, if they report, in good faith, any suspicious transactions?

The Act provides that neither Vestjysk Bank nor any employee or management member of Vestjysk Bank shall incur any liability in respect of notifications and information disclosed in good faith pursuant to the provisions of the Act. Disclosure of information in connection with this shall not be considered as a breach of any duty of confidentiality.

As described under point [10] above, Vestjysk Bank has established procedures and methods in regards to communication and reporting in respect of the bank's obligation to report suspicious activities and transactions to the authorities. These procedures ensure adequate processing of such suspicions.

12. Do the anti-money laundering policies applicable to your head office also apply to your foreign branches and majority owned subsidiaries?

Vestjysk Bank has no foreign branches nor majority owned subsidiaries abroad.

D. LEGAL STRUCTURE, MANAGEMENT ETC.

13. Please indicate your legal status.

Vestjysk Bank is a bank duly incorporated and registered as a public limited company in accordance with Danish law under CVR No. 34631328 (The Central Business Register, CVR).

The head office of Vestjysk Bank is situated at Industrivej Syd 13C, Birk, 7400 Herning, Denmark.

14. Please list the members (with full names and positions held) of the Executive Board and the Board of Directors.

Executive Board:

Jan Ulsø Madsen, CEO
Michael Nelander Petersen, Managing Director

Board of Directors:

Kim Duus, Chairman
Gert Jonassen
Niels Fessel
Lars Holst
Jan Nordstrøm
Lars Langhoff
Bolette Van ingen Bro
Bent Simonsen
Hanne Træholt Odegaard
Karsten Westergård Hansen
Jacob Møllgaard
Steen Loui Pedersen
Mette Holmegaard Nielsen

15. Please inform if your institution is listed on any stock exchange and where.

Vestjysk Bank is listed at Nasdaq Copenhagen A/S
(<http://www.nasdaqomxnordic.com>).

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