

## GENERAL INFORMATION ABOUT FINANCIAL INSTITUTION

Financial Institutions name and location:	Arion banki hf.
Financial Institutions Tax ID, Company No. or Bank licence No:	Kt. 581008-0150
Ownership information:	Kaupthing bank hf.
Are the Financial Institution's shares listed on any stock exchange market(s)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If "yes", what is the stock symbol	

## ANTI MONEY LAUNDERING QUESTIONNAIRE

### A) General policies, practices and procedures

	Yes	No
1. Is your AML compliance programme approved by your board or a senior committee?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Do you have a legal and regulatory compliance programme that includes a designated officer being responsible for coordinating and overseeing the AML framework?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Do you have developed written policies documenting the processes that you have in place to prevent, detect and report suspicious transactions?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. In addition to inspections by the government's supervisors/regulators: Do you have an internal audit function or another independent 3rd party that assesses your AML policies and practices on a regular basis?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. Do you have a policy prohibiting accounts/relations with shell banks? (A shell bank is defined as a bank incorporated in a jurisdiction in which it has no physical presence and which is not affiliated with a regulated financial group.)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. Do you have policies to reasonably ensure that you will not conduct transactions with or on behalf of shell banks through any of your accounts?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. Do you have policies covering relationship with politically exposed persons (PEPs), their relatives and/or close associates?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. Do you have a record retention procedure that complies with applicable laws?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. Do your AML policies and practices apply to all branches and subsidiaries, both in the home country and in locations outside of that jurisdiction?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. Do you operate under an off-shore licence?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

### B) Risk assessment

	Yes	No
1. Do you have a risk-based assessment of your customer base and their transactions?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Do you determine the appropriate level of enhanced due diligence necessary for those categories of customers and transactions you have reason to believe they pose a heightened risk of illicit activities at or through your institution?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

### C) Know Your Customer – enhanced due diligence

	Yes	No
1. Have you implemented processes for the identification of those customers on whose behalf you maintain or operate accounts or conduct transactions?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Do you have a requirement to collect information regarding your customer's activities?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Do you assess your customers' AML policies or practices?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. Do you have a process to review and, where appropriate, update customer information relating high risk client information?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. Do you have procedures to establish a record for each new customer noting their respective identification documents and "Know Your Customer" information?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. Do you complete a risk-based assessment to understand the usual and expected transactions of your customer?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**D) Transaction Monitoring**

	Yes	No
1. Do you have a monitoring programme for unusual and potentially suspicious activities that cover funds transfers and monetary instruments such as traveller's checks, money orders etc.?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**E) Transaction Reporting**

	Yes	No
1. Do you have policies and practices for the identification and reporting of transactions a-that are required to be reported to the authorities?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Where cash transaction reporting is mandatory, do you have procedures to identify transactions structured to avoid such obligation?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Do you screen customers and transactions against a list of persons, entities or countries issued by government/competent authorities?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. Do you have policies to reasonably ensure that you only operate with correspondent banks that possess licenses to operate in their country of origin?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

**F) AML training**

	Yes	No
1. Do you provide AML training to relevant employees that includes: a) Identification and reporting of transactions that must be reported to government/authorities? b) Examples of different forms of money laundering involving products and services offered by you? c) Internal policies to prevent money laundering?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Do you retain records of the training sessions including attendance records and relevant training materials used?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Do you communicate new AML related laws or changes to existing AML related policies or practices to relevant employees?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. Do you employ 3rd parties to carry out some of your functions?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
5. If the answer to question F. 4 is "yes", do you provide AML training to relevant 3rd parties that includes: a) Identification and reporting of transactions that must be reported to government/authorities? b) Examples of different forms of money laundering involving products and services offered by you? c) Internal policies to prevent money laundering?	<input type="checkbox"/>	<input type="checkbox"/>

**G) Additional information (optional)**

--

**ADDITIONAL DOCUMENTS REQUESTED**

<input type="checkbox"/>	Certified copy of Banking Licence or other evidence of your regulated status
<input type="checkbox"/>	Copy of AML policy
<input type="checkbox"/>	Copy of KYC policy
<input type="checkbox"/>	Copy of Latest Audited Report and Accounts

**SIGNED BY**

Name:	Jófríður Ósk Hilmarsdóttir
Title:	Compliance Officer
Signature:	Jófríður Ósk Hilmarsdóttir
Date:	2- December 2009
Contact details:	compliance@arionbanki.is