



Press Release
31 May 2024 21:35:00 GMT

Íslandsbanki hf. settles a case that started in 2022 as an onsite inspection on the Bank's measures against money laundering and pays ISK 570 million fine to state treasury

The Financial Supervisory Authority of the Central Bank of Iceland (the "FSA") carried out an onsite inspection in the autumn of 2022 in relation to Íslandsbanki hf.'s (the "Bank") AML control framework pursuant to Act no. 140/2018 on Measures Against Money Laundering and Terrorist Financing ("AML"), following which the FSA identified certain shortcomings in relation to the Bank's AML measures. The Bank announced this in its third quarter of 2023 financial results. It was further disclosed that the Bank had not challenged the FSA's findings and that the matter could result in a settlement and a fine. In the Bank's 2023 annual accounts it was disclosed that the Bank had recognised an undisclosed provision in relation to this matter.

The Board of Directors of the Bank has decided to accept the FSA's offer to conclude the matter with a settlement agreement which was received this afternoon (the "**Settlement Agreement**"). The Settlement Agreement provides that the Bank accepts the FSA's conclusion that the Bank's shortcomings were many and related to various fundamentals in the Bank's AML control framework. Further, the breaches were deemed significant and to some extent a reiteration from previous FSA observations in 2021. By entering into the Settlement Agreement, the Bank has committed to carrying out appropriate remedial actions.

The breaches concern the Bank's risk assessment framework, the risk assessment framework for individual customers and transactions as well as the performance of customer due diligence, performance of due diligence on international financial services firms, performance of enhanced due diligence and regular monitoring of transactions and customers, including traceability of cash transactions.

The Bank will record a charge of ISK 470 million in the second quarter of 2024 in relation to this matter and had previously made a provision of ISK 100 million in its 2023 annual accounts. The FSA will publish the Settlement Agreement on its website.

Íslandsbanki agrees on the importance of AML and emphasises robust AML measures. The Bank has carried out extensive remedies with support from an international advisory firm where the Bank's governance and internal procedures have been reviewed and strengthened. Significant investments have been made within the Bank's AML infrastructure and related technical solutions in addition to heightened focus from the Bank's management. Íslandsbanki is committed to further strengthen and develop its AML control framework.



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This announcement is released by Íslandsbanki hf. and contains information that qualified or may have qualified as inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 (MAR), encompassing information relating to the FSA proceedings described above. For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is made by Ellert Hlöðversson, Chief Financial Officer at Íslandsbanki hf.

Attachments

[Íslandsbanki hf. settles a case that started in 2022 as an onsite inspection on the Bank's measures against money laundering and pays ISK 570 million fine to state treasury](#)