



Press Release

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Arion Bank reaches a settlement with the FSA

Arion Bank has reached a settlement with the Financial Supervisory Authority of the Central Bank of Iceland (FSA). The settlement has been reached following an inspection conducted by the FSA in the summer 2022 of the Bank's measures against money laundering and terrorist financing and the recording and traceability of transactions in the Bank's IT systems in connection with these measures. Under the settlement the Bank agrees to pay a fine of ISK 585 million.

The FSA's inspection in 2022 revealed shortcomings at the Bank in terms of general risk assessment and risk assessment of contractual relationships and individual transactions. It also revealed shortcomings in the performance of due diligence, regular monitoring and reporting.

With this settlement the Bank acknowledges the aforementioned shortcomings, and we regret not having addressed these issues adequately at the time.

Arion Bank has undertaken extensive and systematic efforts to enhance its anti-money laundering and counter terrorist financing measures across all operations. The FSA's findings were addressed with the utmost urgency, leading to a comprehensive review of procedures and corrective actions are already well advanced.

These measures included restructuring and strengthening of the relevant divisions. Including the specialized transaction monitoring unit, which has at its disposal an experienced team which works closely with the Bank's business units to monitor alerts from the transaction monitoring systems and reports from employees on unusual business patterns and other activities which may be indicative of money laundering. Investments have been made in new IT systems, and the number of employees performing monitoring at the Bank has increased substantially. In addition, an independent unit within the Bank's Compliance division was established whose role is to steer the creation and updating of risk assessments designed to identify and assess the risk of money laundering in the Bank's operations.

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Attachments

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