



## Summary of Landsbankinn's Conflicts of Interest Policy

Landsbankinn hf. | No. 1226-04 | July 2015

Landsbankinn hf. (hereafter Landsbankinn or the Bank) is a universal financial undertaking, providing an extensive range of services to individuals, companies and the general market. Due to the varied nature of the services provided by the Bank, it is to be expected that situations may arise that can lead to conflicting interests. Conflicts of interest refers to situations that may arise whereby the Bank represents the interests of two or more parties and is in a position to provide preferential treatment to one party at the expense of another, negatively affecting the financial interests of the latter.

Landsbankinn has adopted a policy to handle conflicts of interest and the policy applies to all employees of the Bank. The aim of the policy is to ensure coordinated handling of conflicts of interest and effective organisational and managerial processes to control any conflicts of interest that may arise. In avoiding conflicts of interest, the Bank contributes to customer protection and the credibility of the market.

The Bank's Policy on Conflicts of Interest sets out processes to identify conflicts of interest, responses to conflicts of interest and provides for cases where conventional responses are considered inadequate protection for the customer. Furthermore, the Policy discusses areas of the Bank's operations especially vulnerable to potential conflicts of interest.

Landsbankinn responds to all identified conflicts of interest by taking suitable measures to limit the risk of such events occurring and preventing potentially harmful consequences.

Suitable measures here refers to organisational and managerial action, having regard for the varied nature of the Bank's services and products, including but not limited to:

- » Landsbankinn reduces the risk of conflicts of interest by separating various areas of operations (Chinese walls). The aim of Chinese walls is to prevent confidential and inside information from being communicated between individual departments and divisions.
- » Work processes and descriptions shall prevent conflicts of interest and ensure the Bank's impartiality and equal treatment of customers.
- » Landsbankinn shall ensure that the wages and bonuses of an employee in one division are not directly linked to the wages or bonuses, or income generation, of an employee in another division if there is a risk of conflicting interests between the divisions or the tasks assigned to the employees in question.
- » Landsbankinn shall set rules on the securities trading of employees.
- » Landsbankinn shall set rules on gifts and travel offers.
- » Landsbankinn shall set rules on public investment recommendations.
- » Landsbankinn shall set rules on employee participation in management and in business operations.

In the event of conflicts of interest, the Bank shall endeavour to ensure that it undertakes all reasonable measures to prevent conflicting interests from harming the Bank's customers.

Where the measures taken do not satisfactorily ensure sufficient protection for customers' interests, Landsbankinn shall either inform the customers concerned of the conflicts of interest and possibly take further action or refrain from implementing transactions/granting services.

The managers of the Bank's divisions are responsible for preventing conflicts of interest by implementing the Bank's Policy on Conflicts of Interest.

Landsbankinn's Compliance Officer is responsible for ensuring the implementation of the Bank's Policy on Conflicts of Interest and any requests for information shall be directed to: [regluvordur@landsbankinn.is](mailto:regluvordur@landsbankinn.is).

*Disclaimer: This is a translation of the authoritative Icelandic text. In the event of any discrepancies between the translation and the original Icelandic text, the original text shall prevail.*