



COVENANT OF ETHICAL CONDUCT OF LANDSBANKINN

No. 201102-1179-4 | Updated in December 2015 | Revision scheduled for 2017 | Board of Directors

Landsbankinn's Covenant of Ethical Conduct is based on a code of ethics, a general description of their purpose and a chapter on the obligations of the executive board towards employees. The Covenant enters into effect when a Bank employee and a representative of the Bank sign it and confirm their mutual understanding of its content and import.

The Bank has created a team to update the Covenant, respond to questions and consider comments. The team consists of the Human Resources Manager, the Compliance Officer and the Chairman of the Landsbankinn Employee Association. Employees may send notification of suspected violations of the ethics code without fear of reprisal. No suggestion submitted in good faith shall have negative consequences for the employee, regardless of the outcome. If the employee does not wish to make a notification in his or her own name, he or she may do so anonymously. This can be done by sending a letter to a Compliance Officer via internal mail. Landsbankinn shall protect the identity of an employee who reports misconduct.

PURPOSE

Landsbankinn's code of ethics is the basic tenet of good business practices and morality of the Bank's employees. The code applies to relations between employees and customers, between co-workers, regulators, shareholders, competitors and other stakeholders. It is one of the cornerstones of Landsbankinn's strategy and a guideline for ethical behaviour in questionable circumstances.

The code applies to all employees of the Bank, as well as contractors and agents or other representatives of Landsbankinn. This code forms the basis for Landsbankinn's human resources policy and its rules of procedures.

The code of ethical conduct set forth in the Covenant is written from the point of view of general employees and describes their work practices and behaviour in order to reinforce the message that responsibility lies with every single individual. It is the duty of every employee to read and comply with the code. Though not an exhaustive guide to everyday situations, every employee should practice following both the letter and the spirit of the code and, above all, to exercise good judgement in questionable circumstances. When necessary, employees should take advantage of the solutions provided by the Bank to address matters of uncertainty and points of contention.

The executives of Landsbankinn are guided by the code and create an environment that allows all employees to abide by them.

The Board of Directors of Landsbankinn has obliged itself to abide by the code.

DUTIES OF THE EXECUTIVE BOARD

The CEO, managing directors and internal regulators of Landsbankinn place key emphasis on the import of the code of ethics and responsible governance.

Landsbankinn's executives seek to set an example and follow the code in every respect.



The Bank's executive board shapes a corporate culture that allows employees to adopt and discuss the code, explore ethical conundrums, ask questions and raise concerns.

Employees who report suspected violations in good faith will not be held accountable.

The executive board of Landsbankinn selects managers who are responsible for and help employees to comply with laws and regulations. Managers are responsible for implementing work procedures in each business unit.

CODE OF ETHICS

1. The Community

We want to participate in the development of our community and enjoy respect. Respect is earned through actions both internal and external to the Bank whereby we act in accordance with social contracts and practice honesty, fairness, moderation and deliberation.

We are determined never to stand for unfair business practices. This involves, among other things, that we will report suspected violations to the appropriate parties and participate in domestic and international action to prevent fraud, corruption, money laundering and terrorist and criminal funding.

We are socially responsible, learn from others and inform our stakeholders of our own ventures in order that they might learn from our experiences.

2. The Customer

We foster our business relationships.

We listen to the needs of our customers and seek to earn their trust. We take into account comments and suggestions from customers, learn from them and respond with immediate and fair action. In providing advice and service, we are guided by customers' interests and seek means to best serve them.

Our relations with customers should be characterised by honesty in order to safeguard the interests of both parties.

We do not offer valuables, gifts or in other ways seek to influence, entice or maintain customer relationships to ensure unnatural gain. We understand that all gifts and advances from customers to us, the Bank's employees, are questionable. We therefore refuse all gifts, advances or services which might affect our professional judgement. The treatment of gifts shall always be in accordance with Landsbankinn's rules.

3. The Workplace

All employees are responsible for creating a strong team and good working atmosphere. We care for our colleagues, customers and other stakeholders and behave towards others in a respectful and fair manner. We are tolerant, respect different viewpoints and help others to develop their potential to enrich our workplace and society.

4. Conflict of interest

We do not allow personal interests to affect our work for Landsbankinn. We do not abuse our position for personal gains or for the benefit of persons related to us. We understand that conflict of interest may arise variously between customers and the Bank, customers and Bank employees, employees and the Bank, as well as between customers. We exercise our judgement to identify potential conflicts of interest and prevent them.

5. Professionalism and honesty



We discharge our duties professionally and with respect for our customers, Landsbankinn and other stakeholders.

We show professionalism and honesty in that we seek information, comply with laws, rules, sound business practices, codes of ethics and other guidelines applicable to our work at each time.

We are aware of and discuss ethical behaviour in questionable circumstances in our work.

We show professionalism and honesty by ensuring equal treatment and by treating the business of customers with care and confidentiality in the spirit of these ethical codes.

6. Confidentiality

We understand and respect the need for transparency in the financial market and comply with legislation on competitiveness and information disclosure. Notwithstanding the above, we are bound by confidentiality about all information we receive in the course of our work which regards the business or private concerns of our customers, unless we are obligated by law to disclose such information. The obligation of confidentiality remains even after employment ceases.

We do not use information about our customers for purposes other than what the customer is aware of, nor do we grant access to information imparted to us by customers to third parties.

7. Landsbankinn's reputation

We are aware that Landsbankinn's reputation is one of its most valuable assets. We are committed to strengthening and safeguarding the Bank's reputation to gain the trust of customers and create an attractive workplace. This we do best by respecting and complying with the code of ethics and listening to, learning from and serving our customers.