



Policy on Conflict of Interest¹

¹ This is a translation of the approved Icelandic version. In case of discrepancies, the Icelandic text prevails.

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It is Landsbankinn's policy to prevent conflict of interest and to manage any conflict of interest that may arise to avoid negative impact on the interests of the Bank's clients.

Landsbankinn is a financial undertaking that provides universal financial services.² Situations can be expected to arise that may lead to conflict of interest between the interests of the Bank's employees³ and its clients, as well as between clients. Such conflict of interest may have, or may be perceived to have, a negative impact on the Bank's obligation to safeguard the interests of its clients. Conflict of interest may also arise between the Bank and its employees.

The Policy on Conflict of Interest sets out the organisational and governance structure the Bank has put in place to comply with appropriate legal obligations and to take all appropriate measures to identify and prevent or manage any conflict of interest. The Policy applies to all employees and all services whereby the Bank undertakes to safeguard client interests.⁴

1. Analysis of conflict of interest

Landsbankinn takes all appropriate measures to analyse and register circumstances in its operation that give rise to conflict of interest that could have a negative impact on the interests of clients or their wishes as regards sustainability.

In the analysis of potential conflict of interest, the Bank considers conflict of interest that may arise between:

- Landsbankinn and its clients;
- employees and the Bank's clients;
- different clients of the Bank; and,
- the Bank and its employees.

The Bank updates its analysis of conflict of interest both regularly and on an ad hoc basis, such as in connection with product development or organisational changes. The Bank also carries out ad hoc analysis for projects that may involve significant risk of conflict of interest.

Analysis of conflict of interest is carried out in collaboration with Compliance.

The annex to this Policy contains a summary of main circumstances in the Bank's operation that may give rise to conflict of interest that could negatively impact client interest in lieu of appropriate measures to prevent or control them.

2. Registration of conflict of interest

Landsbankinn maintains a register of events that have given rise to conflict of interest. Compliance supervises the register of conflict of interest.

3. Measures to prevent conflict of interest

Where there is risk of conflict of interest, Landsbankinn takes appropriate measures to prevent any negative impact on its clients. Such measures include:

² For the purposes of this Policy, Landsbankinn's interests include the interests of other companies in the Group.

³ For the purposes of this Policy, Landsbankinn's employees includes directors of the board, tied agents and others who represent Landsbankinn or tied agents.

⁴ For the purposes of this Policy, clients shall have the same meaning as defined in the Act on Markets in Financial Instruments and other clients to which the Bank has a fiduciary duty.

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- Effective organisational and governance structure that includes the segregation of responsibilities and duties in accordance with the three lines model, and effective risk management, compliance and internal control.
 - Internal rules, including conduct rules, rules on the handling of conflict of interest, rules on private interests, and rules on the execution of business orders, along with documented and appropriate processes.
 - Information barriers that segregate business units where there is a risk of conflict of interest in terms of facilities, information systems, management and income.
 - Maintaining a register of identified risk of conflict of interest and registers of conflicts of interest that arise.
 - Qualified employees who receive regular training.
 - Secure processes whereby employees can notify of suspected misconduct.
 - Considering potential conflict of interest in determining remuneration and if the Bank offers or is offered inducements.
 - Ensuring that the business transactions of the Bank's employees and managers, or closely connected parties, and between related parties adhere to the same rules as similar transactions between other customers.
 - Other ad hoc measures where conventional measures provide insufficient assurance that client interests are adequately safeguarded.

If no measures provide adequate assurance that the risk of conflict of interest can be avoided, the Bank may as a last resort and before the service is provided, inform the client via a durable medium of the existence of the conflict of interest and the reasons why the Bank's measures to safeguard the client's interests are insufficient.

Such information outlines the general nature and reason for the conflict of interest and the measures taken to reduce the risk in sufficient detail to allow the client to take an informed decision about the Bank's eligibility to carry out the service/transaction.

Landsbankinn does not undertake to carry out a service/transaction that involves an unavoidable conflict of interest and a real risk that the interests of one or more clients are damaged or may be damaged, and the client cannot be adequately informed to allow them to take an informed decision about the Bank's eligibility to carry out the service/transaction, such as due to confidentiality obligations to other clients.

4. Implementation and responsibility

The Bank's standing committees adopt the following rules in order to implement this Policy:

- Rules on the management of conflict of interest
- Rules on private interests
- Rules on order execution

Managers of business units where there is a risk of conflict of interest are responsible for complying with this Policy and related rules in their units. To this effect, a manager shall:

- Maintain a comprehensive overview of possible conflict of interest in their business unit and ensure regular and ad hoc analysis of conflict of interest.
- Ensure that the unit complies with appropriate rules and processes to reduce the risk of conflict of interest and notify of any conflict of interest that arises.
- Ensure that employees receive regular information and training about conflict of interest.

Each employee is responsible for informing their manager at their own initiative of private interests that may be connected to their work. Each employee is further responsible for adhering to this Policy and the rules and processes that are based on it, and to notify Compliance of any suspicion of violation of this Policy.

5. Control and disclosure

Compliance manages second line controls concerning the implementation of this Policy and related rules, and acts as advisor as needed.

The Compliance Officer reviews the implementation and efficacy of this Policy in their annual report to the Board of Directors.

Clients receive a description of the Bank's policy and rules on conflict of interest, which may be in the form of a summary, as well as further information if they request it.

Annex

The following is a summary of main circumstances in the Bank's operation that may give rise to conflict of interest that has the potential to negatively impact clients' interests in lieu of appropriate measures to prevent or manage them.

1. The Bank, its subsidiaries or employees may enjoy financial gains (or avoid financial loss) at the expense of clients when:
 - providing advice or taking a decision on behalf of a client;
 - taking a decision or providing advice on how to execute a transaction;
 - different products or services are sold simultaneously;
 - deciding or advising on prioritisation or allocation in business transactions;
 - evaluating or providing information about the value or sustainability of assets, or about the risk and return of transactions; or
 - in trading on own account.
2. The Bank, its subsidiaries or employees may have interests that differ from that of clients concerning the outcome of a service provided to clients when:
 - the results affect own business concerns or assets;
 - the results affect the business concerns of other clients; or
 - the results affect connected parties, other clients or competitors.
3. The Bank, its subsidiaries or employees may have incentive to prioritise the interests of one client or client group over the interests of another client when:
 - there are social or financial ties to the client in question or
 - the business relationships in question are considered more profitable.
4. The Bank, its subsidiaries or employees may be engaged in similar business concerns as the client when:
 - the client is a competitor.

5. The Bank, its subsidiaries or employees may accept inducements from a third party in connection with service provision to a client, such as:

- inducements from market actors for transaction orders transmitted to them;
- inducements from issuers for the marketing and sale of their products; or
- inducements from service providers in exchange for information, use or referrals.