

Excerpt from Íslandsbanki's Conflicts of Interest Policy

Íslandsbanki hf. ("the Bank") is a financial undertaking which holds an operating licence authorising the provision of a wide range of financial services. The Bank is responsible for its Board of Directors and employees to work in accordance with proper and sound business practices and customs and for all possible measures to be taken to prevent conflicts of interest in the Bank's operations.

Íslandsbanki has issued a Conflict of Interest Policy. The Policy's objective is to show that the Bank, the Board of Directors and employees comply with laws and regulations applicable to the Bank's activities and all possible measures are taken to prevent conflicts of interest to ensure credibility in the business transactions of the Bank and its customers.

The policy describes measures taken to prevent the occurrence of conflicts of interest and how they should be handled if they occur.

To meet the goals of this Policy, the Bank will seek to:

- identify and specify the circumstances under which conflicts of interest may or will arise, thereby resulting in a significant risk of the interests of one or more customers being adversely affected
- record the working processes and specify the rules of procedure which the Bank is obliged to follow, and to take measures to manage such conflicts of interest
- maintain effective systems to prevent customers from being adversely affected by the conflicts of interest which have been identified.

Conflicts of interest may arise when the Bank provides its customer with financial services which might benefit the Bank or its other customers, and which lead to, or might lead to, a significant likelihood of the interests of one or more customers being adversely affected. In some cases, the Bank may benefit from the provision of financial services to a customer without it constituting a conflict of interest, provided that its customers are not adversely affected.

The parties, to which this Policy applies, shall seek to identify and prevent circumstances which could lead to conflicts of interest.

If circumstances which could lead to conflicts of interest between the Bank and its customer arise, the Bank is obliged to let the interests of the customer take precedence over its own interests.

The Bank takes various measures to identify and manage the conflicts of interest which may arise within the Bank. Such measures may vary depending on the business unit and type of service. For instance, the Bank makes use of so-called Chinese walls to prevent inside or confidential information circulating from one division to another and to prevent conflicts of interest from arising in the course of the Bank's activities.

Where the measures taken by the Bank are insufficient to ensure customer interests with reasonable confidence, the Bank shall disclose the nature and reasons for the conflicts of interest to the customer in question before any business transactions are carried out between the Bank and the customer if possible, or else before the relevant transaction is carried out.

Requests for further information about the Bank's Conflicts of Interest Policy should be directed to: compliance@islandsbanki.is.