

Information on Conflicts of interest

Arion Bank hf. offers a wide variety of products and services to a broad and diverse client base. From time to time, Arion Bank will inevitably find itself in a position where the interests of one client may compete with (i) the interests of Arion Bank (including any of its employees or affiliates); or (ii) the interests of another client of Arion Bank. However, Arion Bank takes all reasonable steps to prevent conflicts of interest from giving rise to a material risk of damage to clients.

Arion Bank has in place organisational and administrative arrangements to manage those conflicts of interest which it has identified as entailing a material risk of damage to the interests of one or more of its clients, and has established and implemented a written conflicts of interest policy.

The arrangements that Arion Bank has put in place to manage conflicts of interest are broadly designed to ensure that those personnel and group entities carrying out different business activities involving a conflict of interest carry out such activities with a sufficient level of independence to protect the interests of its clients. They include:

- effective procedures to prevent or control the exchange of information;
- separate supervision of personnel whose principal functions involve carrying out activities on behalf of, or providing services to, clients whose interests may conflict or who otherwise represent different interests that may conflict.
- removal of any link between the remuneration of personnel principally engaged in one activity and the remuneration of, or revenues generated by, different personnel principally engaged in another activity, where a conflict of interest may arise;
- measures to prevent or limit any person from exercising inappropriate influence over the way in which services or activities are carried out; and
- measures to prevent or control simultaneous or sequential involvement of personnel in separate services or activities where such involvement may impair the proper management of conflicts of interest.

If the arrangements put in place by Arion Bank to manage conflicts of interest are not sufficient to ensure with reasonable confidence, that the risk of damage to the interests of a client will be prevented, Arion Bank will clearly disclose the general nature and/or sources of conflicts of interest to the client before undertaking business with them.

Further details of Arion Bank conflicts of interest policy are available on request¹.

¹ Conflicts of Interest Policy, 27 January 2011.