



# Conflicts of Interest Policy for Arion Bank

It is Arion Bank's policy to take all appropriate steps to identify, assess, manage and prevent or mitigate actual and potential conflicts of interest between the Bank's interests, its clients, and staff.

As part of protecting the interests of customers, the Bank has identified potential conflicts of interest and implemented measures to counter them.

The Bank maintains a record of services or activities giving rise to detrimental conflict of interest, including the Bank's assessment and mitigating actions.

Should the Bank's arrangements to manage conflicts of interest not be sufficient to ensure, with reasonable confidence, that risk of conflicts of interest will be prevented, the Bank will either clearly disclose to the client the specific nature and/or sources of conflicts of interest and the steps taken to mitigate those risks before providing services on his/her behalf or not engage in the service giving rise to the conflicts of interest.

This Policy applies to all staff, including members of the Board of Directors. In case of Directors, the CEO and the Chief Internal Auditor, potential conflicts should be disclosed to the Board of Directors, and handled in accordance with the rules of procedure for the Board of Directors.

The Policy is implemented with more detailed rules and procedures to be followed.

## Duty to disclose conflicts

It is the duty of any employee to promptly disclose in writing to his/her manager any matter that may result, or has already resulted, in a conflict of interest.

An employee shall exercise prudent judgement in determining what interest should be disclosed to his/her manager. If in doubt, an employee should disclose the matter and allow his/her manager to assess its materiality.

At a minimum, an employee should disclose the following interests and relationships:

- Material economic interest, such as other current employment or directorship, and ownership or control of a business undertaking, including those owned by closest family members;
- Financial distress;
- Close personal or professional relationship with relevant external stakeholders, such as customers, suppliers, service providers and competitors, where such relationships may be relevant to the employee's tasks;
- Close personal or professional relationship with the owners of qualifying holdings (10% or more) in the Bank;
- Close personal or professional relationship with other staff within the Bank or its subsidiaries;
- Political influence or close political relationships.

When assessing related parties, the Bank generally considers the following:

- Til Closest family members are considered to be an employee's spouse or cohabiting partner, dependent children, and any relatives sharing household with an employee;



- Close personal relationships include close family members, parents, siblings, and close friends;
- Close professional relationships includes previous employment where an employee held a responsible position or had substantial interest (within the recent three years), and close associates such as those who share ownership of a business undertaking with an employee or those who give an employee the power to represent their interests.

The Bank may define related parties differently within specific areas, as necessary.

## Implementation

Based on this policy, the Bank:

- Identifies the circumstances which constitute or may give rise to a conflict of interest;
- Maintains a record of services or activities giving rise to detrimental conflict of interest, supervised by Compliance;
- Maintains rules and procedures in order to prevent or manage conflicts of interest, including an appropriate segregation of conflicting duties and information barriers between business lines with conflicting duties;
- Maintains rules and procedures for transactions with related parties to ensure such transactions are conducted at arm's length and fully in accordance with relevant internal control procedures;
- Maintains rules and procedures to be followed and measures to be adopted in order to prevent or manage conflicts of interest for staff, including rules on business participation of staff, rules on personal account trading, rules on business dealings of staff, rules on gifts and gratuities, and rules of procedure for management committees;
- Maintains a Staff Conflicts Registry, supervised by Compliance;
- Maintains awareness and provides staff with regular training on the subject of this Policy and related rules and procedures; and
- Appoints a compliance officer to monitor compliance with this policy.

## Responsibility and reporting

The Board of Directors oversees and is accountable for the implementation of the governance arrangements that ensure effective and prudent management of the Bank, including the segregation of duties and the prevention of conflicts of interest.

The CEO shall ensure this policy is implemented and complied with. The CEO shall ensure that the Bank discloses and announces transactions in accordance with the Act on annual accounts, based on internal instructions and procedures.

Compliance shall provide advice and assistance on the assessment of conflict of interest. Compliance shall monitor and regularly assess the adequacy and effectiveness of the measures and procedures put in place and supervise the record of services or activities giving rise to detrimental conflict of interest. Furthermore, Compliance shall monitor and regularly assess the adequacy and effectiveness of the measures and procedures put in place, and supervise the Staff Conflicts Registry.

The Compliance Officer shall report to the Board of Directors no less than once a year on the execution of this Policy as a part of regular compliance reporting.



Risk Management shall ensure that internal processes contain suitable controls for related party transactions, where transactions are reviewed and that the risks they pose for the Bank are identified and adequately assessed.

Risk Management shall compile and present to the Board of Directors a semi-annual report of related party transactions.

*The policy comes into effect once published and shall be made available on the Bank's website.*