

## Other information, unaudited

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### Valitor hf. Corporate Governance Statement

Valitor hf. - High Standard Corporate Governance (Hereafter Valitor hf. or the Company) supports open and reliable communications between employees, the Board, shareholders, customers and other stakeholders. Valitor corporate governance lays the foundations for responsible management and decision-making. The Corporate Governance Statement of Valitor hf. is based on the legislation, regulations and recognised Guidelines which are in force at the time the Company's financial statement is adopted by the Board of Directors. More explicitly, the Company complies with Edition 5 of the Corporate Governance Guidelines in the same manner that it respects legal obligations imposed on the Company, its Articles of Association and agreements. Guidelines on good corporate governance are now available on the Iceland Chamber of Commerce website <http://www.vi.is>. (English version: <http://www.chamber.is>)

### Compliance with Guidelines on good corporate governance

According to the Guidelines a company shall state whether it deviates from parts of the Guidelines and shall specify which parts and shall provide reasons for the deviations. Valitor hf. complies with the Guidelines but makes specific deviations. The deviations that apply in the case of Valitor hf. are specified here below. Article 1.1.6 provides that the Company Board shall post specific information on candidates to the Board on the Company website. The Company has not seen a need to do this as the information in question has been accessible, along with other information, at the Company office and has been sent on request to shareholders prior to the AGM. Article 1.5 provides that a shareholders' meeting shall appoint a Nomination Committee or shall decide how it shall be appointed. It has not been considered necessary to appoint such a Nomination Committee as there are only two shareholders in the Company where one has more than 90% holding. Article 5.1.2 provides that Rules of Procedure for Board sub-committees shall be posted on the Company website. The Company's Board sub-committees have set their own Rules of Procedure but these have not been posted on the Company's website. Rules of Procedure for the Board are however posted on Valitor's external website where there is among other things discussion on the role of sub-committees, which has been considered adequate. Article 5.1.3 provides that sub-committees shall annually evaluate their own work and that of individual committee members using a pre-determined arrangement. The Audit and Risk Committee has not made performance evaluations. The Board receives all the material that is distributed to member of Board Audit and Risk Committee.

Here below one can find information on individual aspects of the Valitor hf. corporate governance where the section headings correspond to Corporate Governance Guidelines as appropriate.

### Laws and regulations

#### **References to those rules on corporate governance with which Valitor hf. complies or must comply, and where such rules are accessible to the public**

In addition to the above specified good practice in corporate governance, Valitor hf. also operates among other things in accordance with Act no. 161/2002 on Financial Undertakings. Valitor hf. operates subject to licence pursuant to Item 1 b and Item 2 of Paragraph 1 of Article 3. Valitor hf. has a licence from the Financial Supervisory Authority to operate as a credit undertaking pursuant to Item 3 of Paragraph 1 of Article 4 and is licensed to provide consumer loans, payment services pursuant to the law governing payment services and to issue electronic money, see Item 2 a and Item 15 of Paragraph 1 Article 20 of Act no. 161/2002 on Financial Undertakings. The Financial Supervisory Authority supervises Valitor hf. operations as prescribed by law. Other laws that apply to Valitor hf. operations are the Act on limited companies no. 2/1995 and the Competition Act no. 44/2005. An overview of the relevant laws and regulations governing operations of credit undertakings can be found on the Financial Supervisory Authority website <http://fme.is>.

## Other information, cont.:

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### Laws and regulations, cont.:

#### Description of the main features of internal controls and Risk Management at Valitor hf.

##### Internal controls

Valitor hf. internal controls are structured on the basis of three lines of defence with the objective of ensuring efficiency, defining responsibility and coordinating company Risk Management and internal controls. This structure is furthermore intended to promote risk awareness and a sense of responsibility in all employees. The methodology distinguishes between those that bear and manage the risk, those that monitor and exercise restraint with internal controls and finally those that conduct independent assessments of the effectiveness of internal controls.

The first line of defence is provided by those that conduct daily supervision of the operations in question and of its organisation. They are responsible for maintaining effective internal controls and for managing risk in daily operations. This requires among other things identifying and assessing the risks, establishing appropriate controls and mitigation measures, supervising the introduction of internal regulation and procedures and ensuring that practice is in line with these measures. Finally, they are responsible for adopting appropriate remedies to react to potential failures or weaknesses.

The second line of defence is activated to ensure that the first line of defence has established adequate internal controls and that they are fit for purpose. Risk Management and compliance are the main elements in the second line of defence but specific supervisory roles may also be allocated to other units.

The third line of defence is internal audit, which keeps the Board and managers sufficiently informed about the quality of governance, Risk Management and internal controls, and this includes evaluation of how the first and second lines of defence achieve their objectives, by conducting independent and objective auditing. In 2012, the Financial Supervisory Authority agreed to the Company's request for an exemption from the operation of an Internal Audit Department on the basis of Section II of FSA Guidelines no. 2/2011.

##### Compliance

Compliance at Valitor hf. endeavours to identify the risk of the Company failing to fulfil its obligations pursuant to the law and to internal regulations and it also has an advisory role on appropriate measures to minimise such risk. Compliance is an independent management unit which is directed by the Compliance Officer and which answers directly to the CEO. The Compliance Officer is also the party responsible for Company actions against funding of terrorism, money laundering and other enrichment offences.

Compliance implements internal controls and conducts all internal investigations in the event of suspicion of a breach of the law or of the Company's internal operational rules.

The Compliance Officer informs the CEO and the Company's Risk Committees on a regular basis and provides the Company Board with a report at least once a year and in addition to this provides the Board Risk and Audit Committee with a quarterly report. The Compliance Officer is also authorised to refer matters directly to the Board should he consider this to be necessary.

##### Risk Management

Risk appetite is an inseparable part of Valitor hf. operations which means that it must be managed in a successful manner and in accordance with Valitor hf. risk tolerance. The key to successful Risk Management is the continuous presence of analysis of significant risks, measurements of the risk base, measures to limit risk, monitoring of risk and reporting to appropriate individuals and consultation groups. Risk Management and the possibility of identifying, assessing and managing risks is very important for Valitor hf. profitability. The objective of Risk Management is to ensure that all significant risks are identified, assessed and described in an appropriate manner. Risk Management is an independent department which answers directly to the CEO. The Director of Risk Management has direct access to the Company Board pursuant to Paragraph 6 Article 17 of Act no. 161/2002 on Financial undertakings. Valitor hf. operates according to a decentralised organisational structure and has a Risk Assessment Committee for significant risks and has working groups for commercial channels. The director of Risk Management attends meetings of the Board Audit and Risk Committees at least four times a year and regularly attends Board meetings when special issues are being discussed. The Director of Risk Management cannot be dismissed without the endorsement of the Board.

## Other information, cont.:

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### Laws and regulations, cont.:

#### Internal Audit

In 2012, the Financial Supervisory Authority agreed to the Company's request for an exemption from the operation of an Internal Audit Department on the basis of Section II of FSA Guidelines no. 2/2011.

#### Audit and financial statements

The Finance Division is responsible for financial reporting which is made according to international financial reporting standards (IFRS). A management financial statement is normally submitted to the Board on average 11 times each year. Each company division makes a plan annually for the coming operational year. Company operations as a whole and those of each revenue division are reconciled on a monthly basis with the exception of July which makes it possible for the Company Board to compare performance with plans, monitor changes in operations and take action in the event of significantly negative changes. The Company Risk and Audit Committee reviews Valitor hf. interim (6 monthly) and annual financial reports and in addition to this, external auditors review financial reporting once a year and conduct an audit of the financial report with the same frequency. The Risk and Audit Committee gives its opinion on the financial statement to the Board, which it endorses and it undersigns the published financial statement.

### Values and social responsibility

#### Valitor hf. values, code of ethics and policy on social responsibility.

There are three Valitor hf. values, trust, collaboration and initiative. In its work, Valitor places strong emphasis on employees in the Company being able to identify with and adopt company values. The most valuable asset of a financial undertaking is trust and credibility which in turn is decided by the ethics of its employees.



Valitor places emphasis on establishing trust and credibility for the Company and its employees with shareholders, customers and with the community at large. Training and knowledge of employees, along with company rules of conduct, play a vital role in this endeavour but the result will nevertheless always depend on the attitude of the employees in question. Management therefore places strong emphasis on creating a framework and corporate culture that is most likely to foster and augment the ethics of company employee. Valitor hf. operates an active business ethics policy. This policy incorporates ethical values and a code of ethics which will help employees in their work.

#### Social responsibility:

Valitor hf. understands that the Company not only has an economic impact on its immediate environment but also a significant geographical and social impact. For this reason Valitor has always seen social responsibility as a guiding light, both in internal and external conduct and actions and equally in the Company's relationship with customers, employees, service providers and with the community as a whole. Valitor is a responsible subject in the Icelandic community and endeavours to participate in its development. Valitor hf.'s social responsibility lies not least in the Company conducting its role in a conscientious manner, ensuring quality service for its customers, being mindful of environmental protection and creating good working conditions for its employees. Valitor also provides worthwhile support for specific causes which enhance life in the community and strengthen it.

## Other information, cont.:

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### Values and social responsibility, cont.:

Valitor hf.'s policy is to be exemplary in environmental issues where the objective is to minimise negative environmental impact from company operations with sustainability as the guiding light. A significant component in this endeavour is to contribute to the reduction of greenhouse gas emissions in the battle against global warming. Valitor has endorsed the climate statement of Festa and the City of Reykjavík and has defined its objectives in this field. Negative environmental impact resulting from company operations will be minimised by reducing carbon emissions and the use of energy by the Company. The Company plans to offset carbon emissions from all company transport and to renew the Company's vehicle fleet with electric or hybrid vehicles. Currently the Company has achieved a proportion of three of every four vehicles for general use being electric. The objective is for company operations to be carbon neutral by the end of 2020. Net greenhouse gas emissions will be reduced by 10% per annum. In order to achieve these objectives the Company has introduced transport grants to its employees where they are encouraged to use environmentally friendly options for travel to and from work. Valitor hf. further intends to introduce eco-friendly procurement and to support environmental considerations in its transactions with suppliers and service providers. Environmental education for employees will furthermore be increased and they will be encouraged to adopt an environmentally-friendly lifestyle.

Valitor hf. also supports important community causes through its community fund Samfélagssjóð Valitor hf. (previously Menningarsjóður VISA) which the Company founded in 1992. The fund provides grants on an annual basis to charity and cultural organisations, to young artists and to a number of important national projects.

The Company wishes to have a positive impact on the community and on stakeholders where one element of this endeavour is to publish information annually on status in projects and on progress in environmental and community issues. To this end, statistics on energy use, on reusable waste and on transport will be compiled for the years 2016 and 2017 and the results of measurements will be published first in 2018. Company objectives for reduction of greenhouse gas emissions can be found at the company's homepage.

### Valitor hf. Board of Directors and Committees

Description of the composition and operations of the Board, of Executive Management and of Board sub-committees.

#### The Board:

The Valitor hf. Board has five members and two deputies, who are all elected for a term of one year at a time. The CEO attends board meetings with the CFO and the General Counsel who is Board Secretary. The Board meets on average once a month but more frequently if required. The Company Board manages all Valitor hf. affairs between shareholders' meetings and protects the Company's interests with relation to third parties. The Board manages that part of the Company's operations that do not belong to daily operations, i.e. makes decisions on matters that are unusual or of major significance. One of the Board's main duties is to discharge its monitoring role with respect to Valitor hf. operations. The Board appoints the CEO, decides his terms of employment and grants him procuration rights. The CEO ensures that the Board receives adequate support for the discharging of its duties. The Board operates pursuant to the Board Rules of Procedure which prescribes its tasks in detail, including independence of members of the Board, the scope of their authority and right to sign on behalf of the Company, division of duties, rules of order for procedure etc. Board Rules of Procedure are set pursuant to Paragraph 5 of Article 70 of Act no. 2/1995 on limited companies, see Article 19 of Act no. 161/2002 on Financial Undertakings and with reference to Edition 5 of Corporate Governance Guidelines. Also with respect to the Settlement between Valitor and the Icelandic Competition Authority dated 15 December 2014 (Settlement hereafter).

## Other information, cont.:

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### **Executive Management**

Until 1 October 2016, Valitor hf. Executive Management comprised the CEO, the Directors of the three revenue divisions, Issuing Services, Corporate Division, International Division and the Directors of the three support divisions, Finance and Human Resources Division, Service and Operations Division and Innovation Division. Since 1 October 2016, in addition to the CEO, Executive Management is comprised of the Directors of the three revenue divisions, Direct Channel, Global Partnership and Valitor hf. Iceland with the addition of the Directors of the three support divisions, Finance, Product Development and Operations. Executive Management now meets on a monthly basis where the main issues in operations are examined. All members of Executive Management are considered to be key employees pursuant to Item 8 of Paragraph 1 of Article 1 a of Act no. 161/2002 on financial undertakings, see Financial Supervisory Authority Guidelines no. 3/2010 on Qualifications of Key Employees.

### **Board sub-committees:**

#### ***Risk and Audit Committee***

Valitor exercises its authority to merge the rules of the statutory risk committee and audit committee. The Committee is the Board's advisory and supervisory committee and performs the role of supervising work procedures for financial reporting, supervising the organisation and operation of company internal monitoring, internal audit and Risk Management, auditing of annual financial statements and consolidated statement, the independence of auditors and monitoring of other tasks performed by auditors. In addition to this the Audit Committee shall submit proposals to the Board on the choice of auditor or auditing company, see Section IX A of Act no. 317/2006 on annual financial statements. The Risk and Audit Committee has set internal rules for its own operations.

The following parties sit on the Valitor hf. Risk and Audit Committee:

Eggert Teitsson, Chairman and employee of Arion banki hf.,  
Anna Rún Ingvarsdóttir, deputy Member of Valitor hf. Board of Directors,  
Synnöve Trygg, vice-chairman of Valitor hf. Board of Directors, independent consultant and  
Þórir Örn Ingólfsson, engineer at Calco ehf.

The Financial Supervisory Authority has published Guidelines on the appointment and work of audit committees in regulated entities. The Committee is thus appointed on the basis of Corporate Governance Guidelines.

## Other information, cont.:

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### Valitor hf. Board of Directors and Committees, cont.:

#### Remuneration Committee

The main role of the Remuneration Committee is to advise the Board on terms of employment of the CEO and on annual review of the Employees' Bonus Scheme and on performance benchmarks for awarding bonuses. Regular tasks at Committee meetings also include review of remuneration policy. A shareholders' meeting reviews and endorses the bank's remuneration policy annually.

The following parties comprise the Valitor hf. Remuneration Committee:

Guðmundur Þorbjörnsson, Chairman, member and Chairman of the Valitor Board of Directors,

Jónína S. Lárusdóttir, Member of Valitor Board of Directors,

Roger Alexander, Member of Valitor Board of Directors.

#### Arrangement for appointing members of sub-committees.

Both the Risk and Audit Committee and the Valitor hf. Remuneration Committee are elected by the Company Board within one month from the AGM. Both sub-committees submit annual reports to the Board on their work. At each Board meeting there is an Item on the agenda relating to the Board Risk and Audit Committee where the substance of its previous meeting is reported along with the motions passed and general information provided on the Committee's work. If a meeting of the Remuneration Committee took place between Board meetings then it is also reported.

#### Information on the number of Board meetings, meetings of sub-committees and attendance.

During the calendar year 2016, 15 Board meetings were held. Primary Members of the Board attended all meetings. The Valitor hf. Board has decided to go further than is prescribed in Corporate Governance Guidelines and Deputy Board Members attend Board meetings quarterly. The purpose is to keep Deputy Board Members informed should they need to take the seat of a primary Board Member. The Chairman of the Board is responsible for the work of the Board and manages its work. The Chairman of the Board chairs meetings and ensures that enough time is spent on discussing important issues and that the issues relating to policy are discussed in detail. The Chairman of the Board is not authorised to accept other tasks for Valitor hf. except where they constitute a normal part of his duties. The Board receives the minutes of the last meeting of the Risk and Audit Committee after it has been signed. The Risk and Audit Committee held twelve meetings during the year and the Remuneration Committee held three meetings. Three of four members of the Risk and Audit Committee are external parties. This provision is intended to ensure necessary specialist knowledge.

#### Where one can access the Rules of Procedure for the Board and sub-committees.

The Valitor hf. Board of Directors has set Rules of Procedure for the Board which are intended to ensure non-discrimination in the treatment of matters before the Board, to ensure meticulous and objective treatment of cases and to prevent conflicts of interest in company operations. To this end, the Board Rules of Procedure are intended to strengthen the framework governing transactions of members of the Board and companies related to them with Valitor hf. and access of members of the Board to information on operations and risks in company operations. Rules of Procedure for the Board are published on the Company website: <http://www.valitor.is/um-valitor/stjornarhaettir/>.

## Other information, cont.:

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### Board Members and CEO

#### Information on Board Members

The same individuals are members of the Board of Valitor hf. and Valitor Holding hf. which holds 99% in Valitor hf. hf. Valitor Holding hf. has the function of owning the holding in Valitor hf. and in Visa Ísland ehf. Visa Ísland ehf. has a 1% holding in Valitor and Viðar Þorkelsson, CEO of Valitor hf. sits on its Board.

Guðmundur Þorbjörnsson (1957), Reykjavík, Chairman of the Board, has a degree in Civil Engineering, M.Sc., and as Master of Business Administration, MBA. He is the CEO of EFLA Consulting Engineers. Guðmundur previously worked in management roles at Eimskip transportation and logistics company, during the years 1993-2004, and from 1983 as an engineer at Línuhönnun hf. and at Minikus, Witta und Partner (Switzerland). Guðmundur has been a member of the Board of Valitor hf and Valitor Holding hf since a shareholders' meeting on March 18, 2010. Guðmundur sits on the boards of a number of small companies on behalf of EFLA Consulting Engineers. Guðmundur owns

no shares in Valitor hf or in Valitor Holding hf. Guðmundur has no vested interests with commercial parties, competitors or shareholders that own more than a 10% holding in the Company.



Synnöve Trygg (1959), deputy chairman is Swedish and lives in Sweden. She was first elected to the Board at a shareholders' meeting on 12 March 2015 and from the same time has been a Board Member of Valitor Holding hf. Synnöve was CEO of SEB Kort during the period 1993 – 2013 and during those years she increased its operations which now cover all of the Nordic countries. Synnöve is a former Board Member of the insurance company Trygg Hansa and of MasterCard Europe and in addition to this she was a member of the International advisory Board of Diners Club International. Today, Synnöve works on the boards of various companies including Intrum Justitia A.B. and Nordax Bank A.B.

Synnöve owns no shares in Valitor or in Valitor Holding hf. Synnöve has no vested interests with commercial parties, competitors or shareholders that own more than a 10% holding in the Company.

Halldór Bjarkar Lúðvígsson (1967), Reykjavík, Board Member, took the position of CEO of the Investment Bank Division of Arion banki in September 2011 and was in this position until 2016. He was first elected to the Board at a shareholders' meeting on 18 March 2014 and at the same time has been a Board Member of Valitor Holding hf. During the years 2010-2011, Halldór was manager of Arion banki corporate services. In 2009 he worked for the Winding-up Committee of Kaupthing as manager of the bank's asset portfolio in the Nordic countries. During the years 2005-2008, Halldór worked in the credit division of Kaupthing banki where he was

responsible for loans to the Nordic countries. During the period 1992-2005, Halldór held a number of positions with the longest tenure being at Maritech A/S, an international company which sells technical solutions to companies in the fishing industry. Halldór has also sat on the boards of many companies both at home and abroad. Halldór gained a BS degree in computer science from the University of Iceland in 1992 and as a mechanical engineer from the same university in 1991. Halldór also has a certificate in securities transactions. Halldór Bjarkar left the board on 16 September 2016.



## Other information, cont.:

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### Board Members and CEO, cont.:



Jónína Sigrún Lárusdóttir(1970), Reykjavík, Board Member was appointed as a Managing Director of the Legal division at Arion banki in November 2010. Jónína was first elected to the Board at a shareholders' meeting on 18 March 2014 and at the same time was elected to the Board of Valitor Holding hf. Jónína was permanent secretary of the Ministry of Economic Affairs and Commerce, from 2007 to 2010. She was appointed director of the general office of the Ministry of Industry and Commerce in 2004 and remained there until 2007.

Between 2000 and 2004 she was a specialist in the financial markets department at the Ministry of Commerce. Jónína worked for the A&P law firm from 1996 to 2000. She has served on and chaired numerous committees, including on behalf of the Prime Minister's Office, and has worked as a lecturer in several institutions, such as the faculty of law of the University of Iceland. She was chairman of the Depositors' and Investors' Guarantee Fund in 2003 and 2004. Jónína gained a master's from the London School of Economics and Political Science in 2000. She graduated from the faculty of law at the University of Iceland in 1996 and qualified as a district court attorney the following year. Jónína owns no shares in Valitor or in Valitor Holding.

Roger Alexander (1948), Board Member, is English and lives in the UK. He was first elected to the Board at a shareholders' meeting on 12 March 2015 and at the same time was elected to the Board of Valitor Holding hf. Prior to his retirement in 2008 Roger was CEO of Elavon Merchant Services, a leading European acquirer and a subsidiary of US Bancorp. Before joining Elavon he was CEO of Switch Card Services (aka S2) which was the UK domestic debit card scheme subsequently merged with MasterCard under the Maestro brand. Roger also spent over 31 years with Barclays Bank predominantly with Barclaycard where he held a number of executive roles.



Roger has extensive Board experience in the UK, Europe and the USA; he has sat on Public and Private Boards many of which have been regulated entities. Roger has no vested interests in Valitor or in Valitor Holding hf. Roger has no vested interests with commercial parties, competitors or shareholders that own more than a 10% holding in the Company.



Stefán Pétursson (1963) Seltjarnarnes, Board Member has a degree in Business Administration and an MBA degree from Babson College in Boston in the United States and is the director of the finance division of Arion banki. Stefán previously worked as the director of the finance division at the energy company Landsvirkjun. He has been a Member of the Board since our shareholders' meeting on 16 September 2016. Stefán is on the Board of the Depositors' and Investors' Guarantee Fund (TIF). Stefán owns no shares in Valitor or in Valitor Holding hf.

## Other information, cont.:

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### Board Members and CEO, cont.:

#### Deputy Board Members

Anna Rún Ingvarsdóttir (1968), Reykjavík, Deputy Board Member has a degree in Business Administration and is the CFO of Skakkaturnsehf./ Epli.is. Among the places she previously worked are Almenna verkfræðistofan hf., Median ehf. (now Handpoint) and Strengur hf. (now Advania). Anna Rún was elected as a Board Member at a shareholders' meeting in 2012 and at the same time as a Deputy Board Member of Valitor Holding hf. Anna Rún now has a seat on the Board of Advania hf. Anna Rún owns no shares in Valitor or in Valitor Holding hf. Anna Rún has no vested interests with commercial parties, competitors or shareholders that own more than a 10% holding in the Company.

Hrönn Greipsdóttir (1966), Reykjavík, Deputy Board Member has a degree in Business Administration and is investment manager at the securities trading company, Arev verðbréfafyrirtæki hf. Hrönn previously worked as the Director of the Corporate Division at Arion banki. In addition to this she managed for a time one of the subsidiaries, SPRON Savings Bank. Hrönn Greipsdóttir was first elected Deputy Board Member at a shareholders' meeting on 14 March 2013 and held this position until 16 September 2016 when she left the Deputy Board.

Þórbergur Guðjónsson (1980), Deputy Board Member, has a degree in Business Administration and a Masters degree in Finance & Investment. Þórbergur works as Head of Corporate Finance at Arion banki. He has a seat on the boards of Eignarhaldsfélagið Landey ehf., Landey hf., of FF eignarhaldsfélag ehf, Fram Foods ehf. and also sits on the board of Vadesbo B.V. Þórbergur owns no shares in Valitor or in Valitor Holding hf.

#### Information on the Board Members that are independent of Valitor hf. and on major shareholders.

Valitor Board Members and Deputy Board Members also sit on the board of Valitor Holding hf. which has a 99% holding in Valitor. In other respects the following Board Members and Deputy Board Members are independent of Valitor hf. and of Valitor Holding hf. and of large shareholders of the latter:

#### The Board:

Guðmundur Þorbjörnsson

Roger Alexander

Synnöve Trygg

#### Deputy Board

Anna Rún Ingvarsdóttir

Hrönn Greipsdóttir until 16 September 2016

#### Board relations with shareholders

The Chairman of the Board is responsible for communications on behalf of the Board and the bank with shareholders between legally convened shareholders' meetings which is the primary venue for provision of information to shareholders.

#### Board Performance Assessment

In Article 2.9 in the Corporate Governance Guidelines, provision is made for the Board arranging performance assessment once a year. The Valitor hf. Board made a performance assessment in November 2016. The Board among other things evaluated its work, the composition of the Board, the work of sub- committees, the performance of the CEO etc. The main conclusions of the evaluation were that the Board agreed that its work and that of the CEO were quite proficient and that the flow of information to the Board was exemplary.

## Other information, cont.:

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### Board Members and CEO, cont.:

#### **Information on the Valitor hf. CEO and the description of his main duties.**

Viðar Þorkelsson (1963), Kópavogur, is the Valitor hf. CEO. Viðar has a Cand. Oecon degree from the University of Iceland and a Masters degree (MBA) in Business Administration from Peter F. Drucker and Masatoshi Ito Graduate School of Management, Claremont Graduate University. He has wide-ranging management experience in the field of banking and company operations. Viðar has been CEO at Valitor hf. Since 2010. He has no vested interests with commercial parties, competitors or shareholders that own more than a 10% holding in the Company and has no shares in Valitor hf. or in its subsidiaries. The CEO has a seat on the boards of five Valitor hf. subsidiaries. Pursuant to the Valitor hf. Articles of Association, the CEO manages company daily operations and represents the Company in all matters that relate to normal operations. The CEO is responsible for the preparation of a draft annual financial statement and report from the Company Board, is responsible for bookkeeping, appointment of employee and for company operations being in accordance with appropriate legislation. The CEO is required to provide Board Members and auditors with all the information they may request relating to company operations and that must be provided pursuant to the law. The CEO has no call option on shares in the Company.

#### **Information on breach of law and regulations that the appropriate regulator and/or party empowered to pronounce rulings has decided.**

Valitor hf. has not been denied authority, participation or licence to conduct specific transactions or operations. Valitor hf. has not been subject to recall, rescinding or termination of authority, participation or licence.

Information on court cases related to Valitor hf. can be found in notes to the annual financial statement.

#### **Communications between shareholders and the Board.**

Valitor hf. is not registered on the stock exchange but it publishes news on its operations on the Company website and furthermore sends press releases if significant changes have taken place in company operations. Company operations are described in detail at AGMs and shareholders' meetings are furthermore called should there be a reason to do so.

This Corporate Governance Statement was reviewed and endorsed by the Company Board at its meeting on 1 February 2017.