

POLICY ON AVOIDANCE OF CONFLICTS OF INTEREST

I. GENERAL PROVISIONS

1. Policy on avoidance of conflict of interests (henceforth the Policy) has been prepared in keeping with European Parliament and Council Directive 2004/39/EC and the Commission's Directive 2006/73/EC, the Republic of Lithuania Law on Securities (Official Gazette, 2007, No. 17-626), the Republic of Lithuania Law on Financial Instrument Markets (Official Gazette, 2007, No. 17-627), the Republic of Lithuania Regulations on the Provision of Investment Services and Acceptance of Orders from Clients and their Execution as approved by the decision of the Securities Commission (Official Gazette, 2007, No. 64-2500) and the Regulations on the Organisation of the Work Activities of the Finance Brokerage Firms (Official Gazette, 2007, No. 56-2197).
2. Aim of the Policy is to establish the circumstances related to the Bank or the investment services and additional services provided on its behalf and the investment operations, which cause or may cause the conflict of interests violating the interests of one or several clients, as well as the requirements, which should be maintained in order to avoid the conflict of interests, and instruments, which are resorted to manage the conflicts of interests.
3. Concepts used in the Policy:
 - 3.1. **Bank** - Danske Bank A/S Lithuania Branch;
 - 3.2. **Group** - Danske Bank Group, Denmark-based stock company Danske Bank A/S, registered headquarters Holmens Kanal 2-12, DK-1092, Copenhagen, Denmark, companies managed directly or indirectly including, but not limited to Danske Bank A/S Lithuania Branch and Danske Lizingas, UAB. Danske Bank Group also includes economic entities, where on the basis of the concluded agreements the aforementioned companies of Danske Financial Group or their authorised representatives can have a decisive influence on the management or decisions of the member meetings or on the personnel composition;
 - 3.3. **Client** - Client of Danske Bank A/S Lithuania Branch;
 - 3.4. **Employee** - employee of Danske Bank A/S Lithuania Branch;
 - 3.5. **Person associated with the Bank** - any of the following persons:
 - head of the Bank, partner, or any other person taking a similar position and the Bank's agent;
 - supervisor, partner of the Bank's agent or any other person taking a similar position;
 - employee of the Bank or the Bank's agent, as well as any other person involved in the Bank's provision of the investment services or performance of investment operations, on the condition that the services are provided on behalf of the Bank or the Bank agent and are supervised by them;
 - a natural person, who is directly involved in the Bank's or Bank agent's provision of the investment services in accordance with the agreement on delegation of certain functions, the purpose of which is to ensure the Bank's ability to render investment services and carry out investment operations.

Other concepts used in the Policy shall be understood the way they are described in the legal acts indicated in section 1 of the Policy, as well as in other legal acts regulating the operations of the banks and financial institutions.
4. Provisions included in the Policy shall be applicable to the Bank. The Bank shall also adhere to the Conflict of Interests Policy of the Danske Bank Group published on the internet website www.danskebank.com

5. The Policy shall be available for the Clients on the internet website of the Bank www.danskebankas.lt and as an annex to the Agreement for the Provision of Investment Services.

II. CIRCUMSTANCES CAUSING OR ABLE TO CAUSE THE CONFLICT OF INTERESTS

6. Policy provisions applicable to the conflicts of interest, which can arise between:
 - 6.1. the Bank and the Clients;
 - 6.2. the Clients or the Client groups;
 - 6.3. the Employees and the Client interests;
 - 6.4. the Employees and the Bank interests.
7. The Bank seeking to determine the conflicts of interests able to affect financial interests of the Clients, which arise in relation to provision of the investment and additional services or the combination of the above, shall follow these minimum criteria and shall make an assessment of whether the Bank, any person associated with the Bank or any person directly or indirectly associated with the Bank in a control function fall under any of the situation listed below, when due to the investment or additional services or due to the carried out operations or other reasons:
 - 7.1. the Bank or that particular person may experience financial advantage or avoid financial loss at the expense of the Client;
 - 7.2. the Bank or that particular person have an interest in the result of the rendered service or in the result of a transaction concluded at the expense of the Client different than the interest of the Client in that result;
 - 7.3. the Bank or that particular person has a financial or other type of interest to give priority to the interests of another Client or another Client group at the expense of the Client's interests;
 - 7.4. the Bank or that particular person carry out the same type of operations as the Client;
 - 7.5. the Bank or that particular person receives or will receive a remuneration, which is not coming from the Client and is related to the service rendered to the Client, and which can be made in cash, goods, and services with the exception of the customary commission fee or other service fees charged in these situations.
8. The conflicts of interests can arise (this is a non-exhaustive list):
 - 8.1. when the Employees buy and sell financial instruments (henceforth - FI) for the purchase or sale of which the Client has placed an order;
 - 8.2. when the Client orders to buy and sell FI are executed, which the Bank or the Group distributes publicly or privately, or which belong to the Bank/Group according to the property rights;
 - 8.3. due to the Bank's competition in relation to the Clients. The Bank may wish to invest into FI on its own behalf and at its own expense, into which the Client may also wish to make an investment;
 - 8.4. due to several investments in different business fields. The Bank may act both as a Client's trustee and as the Client's creditor in the business projects;
 - 8.5. due to the use of undisclosed and confidential information. At the same time the Bank's structural division may be involved in the operations related to the Client's disclosed FI, while the other structural division of the Bank may have access to the undisclosed and confidential information about the same Client;
 - 8.6. due to any kinds of incentives, as far as fair treatment of the Client is concerned;
 - 8.7. due to planning of the investment surveys;
 - 8.8. due to different interests of the Clients or Client Groups. The Bank may be providing consultation/financial services to several Clients, the interests of which differ and are competitive;
 - 8.9. due to the same FI. The Employees may be personally interested in the issuer of the FI or a particular FI and at the same time be providing investment recommendations or other financial services to the Clients in relation to the same FI.

III. MANAGEMENT OF THE CONFLICTS OF INTERESTS

9. Seeking to prevent and manage the conflicts of interests the Bank has formulated the procedures, which must be maintained by all the Bank employees and related persons. The Bank shall also apply the following organisational and administrative procedures and measures of a general character, the purpose of which is to prevent and manage the conflict of interests (this is a non-exhaustive list):
 - 9.1. information barrier procedures (Chinese Wall procedures), such as separation of the facilities, teams and IT systems, which ensure that confidential information is available only to those persons, who seriously need to have information corresponding to the lawful interest of the Client or the Bank;
 - 9.2. appropriate measures, procedures and strategies able to ensure monitoring and control of actions and responsibilities (i.e. professional allocation, promotion, decision making and possible secondary activities) of the employees, to prohibit or limit inappropriate influence of any associated person in the provision of services, as well as creation and implementation of new ones;
 - 9.3. disclosure upon receiving consent of the participating Client, if all of the applicable measures are ineffective for prevention of violation of the Client's interests;
 - 9.4. if all of the measures listed above are ineffective, the Bank seeking to solve a particular situation shall have the right to refuse to act on behalf of one or both associated parties.
10. The Bank shall take measures to ensure that:
 - 10.1. the Bank's interests have no unfair advantage before the interest of the Client and action with regards to a particular Client are justified only by the Client's interests;
 - 10.2. personal, financial or other interests of the Bank, its managers, employees or other associated persons have no influence or shall appear to have no influence in the provision of services to the Client on behalf of the Bank;
 - 10.3. one Client's interests are not put before the other Client's interests.
11. The Bank managers, employees or other associated persons shall be obliged to avoid conflicts of professional and personal nature, and if a situation of this kind occurs, take all the necessary measures to eliminate this conflict seeking to avoid violation of the Client's interests.
12. When determining, which measures should be taken in the event of the conflict of interests, the responsible Bank employees shall take into consideration the following factors:
 - 12.1. the risk level of the conflict of interest, which may potentially violate the interests of the Client, Client Group or all the Clients;
 - 12.2. character, extent and complexity of the Client's operations on a national and international scale;
 - 12.3. nature and assortment of the products and services normally offered by the Bank to the Client;
 - 12.4. type of the Bank's Client (non-professional, professional or eligible counterparty).
13. The Bank shall ensure that appropriate subdivisions of the Bank are informed in time about any possible or existing conflicts of interests, and that the conflicts of interests are registered and, when required, the entries are renewed.

IV. INVESTMENT SURVEYS

14. The Bank shall insure that in the course of the investment surveys all the necessary measures are taken for the management of the conflicts of interests.
15. When organising or publishing surveys about FI or their issuers or any other information designed for the general public, which is recommended or suggested as an investment strategy, the Bank shall ensure that such information is presented in a fair manner, shall make its interests public and indicate the conflicts of interest related to the financial

instruments with respect to that information; it shall also present any other information, which must be presented in accordance with the legal acts of the Republic of Lithuania.

V. INFORMATION PRESENTATION TO THE CLIENTS

16. In the event of the conflict of interests, before providing an investment service, the Bank shall inform each Client explicitly, clearly (keeping in mind the Client's understanding of the markets in financial instruments) and against a receipt, of any conflicts of interests that may have arisen and of financial instruments at a last established market price. This information can also be presented by the means of a telephone, if it is being recorded and can be used as a proof.
17. Information shall be presented to the Clients in a form of a durable medium and shall be understandable to every Client, in order to make sure that he/she is able to make an informed decision on an investment or additional service, with respect to which a conflict of interests may arise.
18. In the presence of an arisen conflict of interests, an investment service may be rendered only in that case, if a Client clearly expresses his/her consent concerning the provision of the service.

VI. FINAL PROVISIONS

19. The Policy shall be reviewed and, if required, renewed at least once per year.