

Guidelines for the Audit Committee of Auður Capital

1. Objective

The Board of Directors of Auður Capital has set itself the objective of having the company's corporate governance in the foreground of its activities. The company is growing and operates in the financial market, making it important that supervision and financial reporting receive a more detailed examination and analysis in a smaller group than the entire Board.

For the purpose of making such discussion effective and also to ensure the involvement of independent directors in the matter, the Board has decided to appoint an Audit Committee for the company.

2. Composition of the Audit Committee

The Audit Committee ("the Committee") shall be comprised of no fewer than three of the company's Directors or alternates. The majority of the Committee shall be independent of the company, cf. the definition of "independent" in the annex which is part of the Guidelines of the Iceland Chamber of Commerce on Corporate Governance.

Committee members shall be selected taking consideration of their expertise and experience which must be suitable for the Committee's tasks. At least one Committee member must have extensive knowledge and experience in the field of accounting or auditing.

3. Meetings

The Committee shall meet at least twice each year to go over the annual financial statements and interim statements and hold additional meetings whenever the chairman deems necessary. The managing director and chairman of the company's Board of Directors, as well as individual members of the Committee, may request that the Committee's chairman call an additional meeting if issues arise which require it.

4. Role and responsibilities

The Audit Committee shall endeavour to ensure the quality of annual financial statements and other financial reporting by the company and the independence of its auditors.

The Committee shall have, for instance, the following tasks, regardless of the responsibilities of the directors, management or others in this regard:

- a) supervision of the work procedures in preparation of accounts;
- b) supervision of the arrangements and efficacy of the company's internal checks and controls, internal audit, risk management and other supervisory measures;
- c) supervision of the auditing of the company's annual financial statements and consolidated financial statements;
- d) supervision of other tasks performed by an auditor or auditing firm for the company;

- e) assessment of the independence of the auditor or auditing firm;
- f) making proposals to the Board on the selection of auditors.

The Audit Committee should review financial information and the arrangements for information disclosure by management. The Committee shall assess the efficacy and reliability of checks and controls in accounting and in the company's financial division, in order to ensure optimally that information obtained by the Board on the company's operations, situation and future outlook is reliable and gives as clear a picture of the company's current position as possible. To this end, the Committee shall meet with the CFO, CEO and external auditor.

The Audit Committee shall deliver a report on its work to the Board of Directors at least once a year.

5. Authorisations of the Audit Committee, access to documentation

In order to carry out its tasks, it is important that the Audit Committee have extensive access to data from management and internal and external audit; the Committee may request reports and summaries from these parties in connection with its work. Access to data and to company employees shall, however, be limited by those restrictions which apply to access by directors of financial undertakings as provided for by law and the guidelines of the company's Board of Directors.

6. Limitations of tasks and responsibility

The Audit Committee is responsible for the duties set forth in these Rules but is not responsible for the accounts or for auditing of the annual financial statements. The company's management are responsible for its accounts and for the implementation of internal checks and controls, while independent auditors are responsible for auditing the company's accounts and monitoring the efficacy of internal supervision.

7. Independence of Committee members

Committee members must be independent of the company's auditor or auditing firm and its day-to-day management. The majority of the Committee shall, furthermore, be independent of the company, in addition to which at least one Committee member must be independent of major shareholders in the company. The company's managing director and other day-to-day managers shall not be members of the Committee but shall attend its meetings as appropriate.

8. Assessment of its work and the work of Committee members

Members of the Committee shall carry out an annual assessment of their work.

Approved by the Board of Directors of Auður Capital, 24 August 2010.