

Remuneration Policy of Stefnir hf.

Objective

The main objective with regard to employee remuneration at Stefnir is to offer competitive salaries so that the company is able to attract and retain outstanding employees. It is also Stefnir's objective to ensure that jobs at Stefnir are attractive to qualified people. When devising a remuneration policy it must be ensured that the policy does not encourage excessive risk taking but rather supports Stefnir's long-term goals and safeguards the healthy running of the company. The remuneration policy aims to align the company's culture, strategy, values, sustainability with the long-term views of Stefnir's shareholders and other stakeholders.

The remuneration policy is an integral part of protecting the interests of the unit holders, other clients, the long-term interests of Stefnir's owners, its employees, and other stakeholders in an organized and transparent manner. Stefnir seeks to coordinate the key remuneration focuses at the company with the key policy focuses at Arion Bank within the boundaries allowed by the law and regulations and to the extent compatible with the company's objective, the interests of unit holders and good corporate governance. Stefnir must ensure that no discrimination takes place when determining salaries and other remuneration, so that equal salaries are paid for equally valuable jobs in accordance with the Equal Status and Equal Rights Irrespective of Gender Act No. 150/2020.

Remuneration to board member and employees of control functions is based on their own area of work and not the performance of the operating units which they are supervising.

Legal basis and references

In accordance with Article 79 a. of the Public Limited Companies Act No. 2/1995 and good corporate governance, the board of directors of Stefnir is required to approve a remuneration policy pertaining to salary and other payments to the managing director, key employees and board directors. The company's remuneration policy also takes into account the special laws applicable to operations, e.g. the Alternative Investment Fund Managers Act No. 45/2020, the UCITS Act No. 116/2021, ESMA Guidelines on sound remuneration policies under the UCITS Directive (ESMA/2016/575), ESMA Guidelines on sound remuneration policies under the AIFMD (ESMA/2013/232), ESMA Guidelines on Guidelines on certain aspects of the MIFID II remuneration requirements (ESMA35-43-3565) and EBA Guidelines on Guidelines on sound remuneration policies under Directive 2023/36/EU (EBA/GL/2021/04).

Stefnir's remuneration policy applies to all the company's employees.

In addition to this remuneration policy the parent company of Stefnir, Arion Bank, has approved a stock option scheme based on Article 10 of the Income Tax Act No. 90/2003. According to this scheme it is permitted to enter into option agreements with permanent employees of Stefnir pertaining to shares in the Bank.

Remuneration to board members

Board members shall receive a fixed monthly payment as decided at the AGM, cf. Article 79 of the Public Limited Companies Act.

Remuneration to the managing director and key employees

The key consideration with regard to salaries to the managing director and key employees is to align interests with the objectives of this policy.

Remuneration to the *managing director* shall be specified in a written employment agreement, stating fixed salary, pension rights, holiday pay and other work-related payments, period of notice and severance payments. The board of directors of Stefnir decides on the salary and remuneration to the managing director on the basis of the objectives of this policy.

Remuneration to *key employees* is decided by the managing director and takes into account the scope of the position, responsibilities and objectives of this policy. The remuneration of key employees shall be specified in a written employment agreement.

Remuneration other employees than the managing director and key employees

The managing director decides on the salary of other employees on the basis of the scope and responsibilities of the person in question and in accordance with the objectives of this policy.

Incentive scheme

The board of directors believes that incentives are an effective way of achieving the main considerations of the policy on salaries under this remuneration policy and has accordingly set up an incentive scheme for the company. The main objective of the incentive scheme is to encourage long-term value creation for all stakeholders, including clients, shareholders and employees. The incentive scheme should encourage employees to create sustainable long-term success transparently where ESG indicators for financial and non-financial factors at the company are defined. The incentive scheme is not designed to encourage excessive risk taking and the scheme is set out in accordance with the company's risk appetite. The execution of the incentive scheme is in accordance with the relevant laws and regulations. It is not permitted to make incentive payments to employees of the control functions.

The main features of the incentive scheme should be clearly described to shareholders at the annual general meeting. The approval of the shareholders should be sought for any major changes to the incentive scheme. The total incentive payments granted to an employee may not, on an annual basis, exceed 25% of the employee's annual salary excluding the incentive payment. The company is permitted, but not obliged, to pay incentive payments.

A special incentive scheme, as arranged at any given time, should be in accordance with and considered part of this remuneration policy.

Information on how Stefnir's remuneration policy aligns with integration of sustainability risk

Pursuant to a decision by the board of directors and in accordance with the remuneration policy, the company operates an incentive scheme, in which all employees participate with the exception of the chief risk officer who monitors the scheme. The metrics determined and those which have a direct impact on mitigating sustainability risk include employee participation in the progress of ESG related projects at the company, participation in continuing education, including in the field of responsible investment, compliance with policy on equal salaries and other factors concerning compliance with laws, regulations and the company's internal rules.

Pension payments or other payments relating to end of employment

Generally speaking, only the terms of an employment agreement are valid with respect to pension payments or payments relating to the end of employment. In exceptional cases however, it is possible to enter into severance agreements with the managing director and key employees on accordance with the law.

Reviewing the policy and disclosure

The remuneration policy shall be reviewed annually and submitted to the annual general meeting for approval or rejection. The board of directors of Stefnir shall explain remuneration to board members,

managing directors and key employees at annual general meetings as stated in the Public Limited Companies Act and special acts of law. The remuneration policy may be reviewed more often, and any amendments should be submitted to a shareholders' meeting.

Every year an independent centralized internal assessment shall be carried out to determine whether remuneration at Stefnir is in compliance with the remuneration policy and the rules of procedure and other benchmarks which the board of directors has approved with respect to remuneration.

Board Remuneration Committee

The board of directors is permitted to operate a remuneration committee. The structure and tasks of the committee are determined by the provisions of the law and relevant regulations at any given time.

In other respects, this remuneration policy is governed by the relevant laws.

Adopted at the annual general meeting on 7 May 2025