

General Terms of Business
for transactions with financial instruments

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GENERAL TERMS OF BUSINESS FOR TRANSACTIONS WITH FINANCIAL INSTRUMENTS

1. ABOUT ARION BANK HF.

Arion Bank hf. ID-No. 581008-1050 (hereafter “**Arion Bank**” or “**the Bank**”) has an operating licence as a retail bank under the Financial Undertakings Act No. 161/2002 and is supervised by the Financial Supervisory Authority of the Central Bank of Iceland (FSA) (sedlabanki.is). The Bank has branches throughout Iceland and has its headquarters at Borgartún 19, 105 Reykjavík, Iceland. Its telephone number is (+354) 444 7000 and e-mail address is arionbanki@arionbanki.is. Further information on the Bank and the services it provides can be found on its website, www.arionbanki.is. The client can communicate with the Bank in Icelandic and English. Communication in other languages may also be possible.

Arion Bank is a member of the Depositors' and Investors' Guarantee Fund, cf. Article 3 of Act No. 98/1999 on Deposit Guarantees and Investor Compensation Schemes, and the Fund guarantees deposits, securities and cash with certain exceptions. Further information on the fund and its payout rules can be found on the website tif.is.

2. ABOUT THE GENERAL TERMS OF BUSINESS FOR TRANSACTIONS WITH FINANCIAL INSTRUMENTS

These general terms of business for transactions with financial instruments (hereafter the “**General Terms**”) apply to the receipt and transmission of orders from clients concerning one or more financial instruments, the execution of orders on behalf of clients, asset management and investment advice and other additional services in connection with transactions with financial instruments which Arion Bank agrees to provide clients with, and which may fall under the scope of these General Terms.

For more on the terms and phrasing used in these terms, please refer to the Markets in Financial Instruments Act No. 115/2021, with subsequent amendments (hereafter “**The Markets in Financial Instruments Act**”).

Arion Bank reserves the right to invalidate, add to, or amend these General Terms at its own discretion at any time. The Bank should give notice of any such changes on its website www.arionbanki.is/fjarfestavernd and publish the updated terms there. Such changes will become effective on the date specified in the notice.

Transactions and services pursuant to these terms are governed by various laws, regulations and rules. The client is encouraged to read the applicable laws and regulations at any given time and to obtain advice as required, such as external specialist advice if deemed necessary by the client. These terms are standardized and cannot be amended by the client. Please note that Arion Bank’s general terms of business also apply to business between Arion Bank and its clients and complement these terms. These terms take precedence over Arion Bank’s general terms of business provided the transaction or service is governed by these General Terms.

3. BEFORE THE CLIENT GIVES AN ORDER OR A SERVICE IS PROVIDED

Arion Bank will provide clients and potential clients with the information required under Article 34 of the Markets for Financial Instruments Act No. 115/2021 on the website arionbanki.is/fjarfestavernd or on a durable medium as applicable. This may apply to information on the Bank, its services, the nature and risks of specific financial instruments, rules on best practice, rules on handling conflicts of interest, changes to terms, the list of fees and charges for investment and pension services, the estimated costs and fees in connection with services provided, and information on the main judicial remedies available to clients.

A. OTHER TERMS

Arion Bank may demand that the client signs or agrees to other special terms or agreements before any services are provided on the basis of these terms or in respect of other services not governed by these terms. In the event of any

discrepancies between these terms and the provisions of special terms or agreement made on their basis, the provisions of the special terms or agreement shall apply.

B. RISKS ASSOCIATED WITH TRANSACTIONS WITH FINANCIAL INSTRUMENTS

Arion Bank reminds its clients of the risk associated with transactions with financial instruments. Returns on financial instruments can fluctuate significantly between periods, and returns in the past are no guarantee of returns in the future. Arion Bank is not responsible if it is not possible to buy or sell the financial instruments which the client has asked to buy or sell or in the price range stated by the client.

The client is advised to read the Bank's overview of the main characteristics and risks of financial instruments, which is available online at arionbanki.is/fjarfestavernd.

C. CATEGORIZING CUSTOMERS AND PRODUCT DEVELOPMENT

At the beginning of the business relationship Arion Bank categorizes its clients as eligible counterparties, professional clients or retail clients in accordance with Article 51 of the Market for Financial Instruments Act and the Bank's rules on categorizing clients.

The Bank informs clients which category they are in, their right to request that they be categorized differently and the consequences thereof. Professional clients are responsible for notifying Arion Bank of any changes that could affect their current categorization as professional clients.

In transactions with eligible counterparties Arion Bank is not obliged to fulfil the conditions stipulated in Article 33, Article 34 (1, 4, 6-9), Articles 35-41, Articles 44-45, Article 46 (1,6 and 7) Article 48, and Article 49 (1 and 2) of the Markets in Financial Instruments Act, cf. Article 55 of the Act.

Furthermore, during its product development process Arion Bank also defines specific target groups of eventual clients within the relevant client category with regard to significant risk. Arion Bank assesses which products and services suit different target groups.

D. INVESTMENT ADVICE

Arion Bank will not provide investment advice or any kind of advisory service unless there is a written agreement on such service. When Arion Bank provides investment advice it is non-independent investment advice in the sense given in the Markets in Financial Instruments Act. The advice is non-independent in the sense that the Bank provides advice on financial instruments issued or supplied by the Bank itself or entities with close links or other legal or financial links to the Bank, e.g. financial instruments issued by Stefmir hf., and/or Stefmir hf. funds.

Clients must rely entirely on their own judgement when giving instructions on the basis of these terms and where a written agreement on investment advisory services has not been made. All views which Arion Bank and its employees may express, whether orally or in writing, concerning ideas, proposals, economic outlooks, general advice, investment research or analysis or other such information shared directly with the client or made available by other means, are provided for information purposes only and under no circumstances constitute investment advice to the client. Such views are not based on an assessment of circumstances relating specifically to the client and therefore it is not possible to use them as a basis for assessing whether the transactions considered by the client are deemed to be suitable for that client.

E. INFORMATION THE CLIENT MUST KNOW

Whenever requested by Arion Bank, the client should provide the Bank with any information deemed necessary by the Bank, e.g. about the client's knowledge and experience of transactions with financial instruments and/or investment goals, who the beneficial owner is of the assets deposited into the client's account at Arion Bank and the client's financial status. Legal entities should identify themselves with a Legal Entity Identifier (LEI) before services are provided pursuant to these terms. Further information on LEI can be found at arionbanki.is/LEI. If the client does

not provide the requested information, the Bank reserves the right not to provide the requested service. The client shall update the above information provided to Arion Bank as required.

If the client provides incomplete information or neglects to provide information, the Bank will not be able to assess whether specific transactions are suitable for the client.

Arion Bank is not obliged, however, to assess whether individual transactions are suitable with respect to the client's knowledge and experience in the case of direct orders given by client for a transaction with non-complex financial instruments. Transactions with non-complex financial instruments are those conducted via online banking, apps or other digital means completely at the initiative and responsibility of the client and Arion Bank is not obliged to assess whether such transactions are suitable for the client.

F. RISK ASSESSMENT BY PROFESSIONAL CLIENTS AND ELIGIBLE COUNTERPARTIES

Every time a professional client or an eligible counterparty gives Arion Bank an order, the Bank can rely on that party examining and assessing professionally all risk involved in executing the order and related transactions which subsequently take place. A risk assessment by a professional client or eligible counterparty shall, without limitation, apply to credit risk, market risk, liquidity risk, instability risk, leverage risk, interest rate risk, exchange rate risk, business, operating and insolvency risk, issuer risk, the risk of OTC trading compared with trades settled on a stock market, risk associated with contingent liabilities, risk associated with margin requirements, regulatory risk, tax risk and legal risk. The client should read all appropriate documents, e.g. information documents, terms, prospectuses or brochures, in order to obtain more information on the potential risk associated with a transaction.

G. COSTS AND FEES

The client pays fees in accordance with Arion Bank's list of fees and charges as current at any given time and/or as agreed by the parties specifically. The list of fees and charges and an overview of fees and charges can be seen at the Bank's website www.arionbanki.is/english/about-us/more/rates/ and at any branch of Arion Bank. The client confirms that it has read Arion Bank's list of fees and charges.

Once a year Arion Bank will prepare and send to the client a statement detailing all costs and charges, including those in connection with investment service and financial instruments, which do not result from underlying market risk.

Arion Bank reserves the right to provide professional clients and eligible counterparties more limited information on fees and charges than to retail clients.

Arion Bank is only permitted to pay or receive a fee in connection with investment and additional services if the fee is conducive to increasing the quality of the service, does not prevent the Bank from meeting its duties to perform honestly, fairly and professionally in line with the best interests of its clients and if the client is informed of the payment.

When providing independent financial advice, if relevant, and asset management services, Arion Bank is only permitted to receive and retain an incentive from a third party if it is a minor, non-financial reward which is conducive to improving the quality of the service and does not prevent the Bank from meeting its duties to perform honestly, fairly and professionally in line with the best interests of its clients and if the client is informed of the payment. See Article 28 of Regulation No. 976/2021 which contains a definition of what is considered minor non-financial reward.

Arion Bank is permitted to deduct charges from any funds held by Arion Bank on the client's behalf. The Bank is therefore authorized to deduct the account of the client specified in the agreement between the parties on investment services. The charges may include any applicable tax, duties and Arion Bank's fees and all other costs of Arion Bank in connection with the client's transactions. In accordance with Arion Bank's list of fees and charges, the Bank will charge interest on any payment not paid by the due date (both before and after any judgment/ruling, if

applicable) calculated at the interest rate stated in these terms (default interest) unless the client pays such charges at the time they are incurred. Furthermore, Arion Bank may, without further notice, withhold or deduct amounts from any payments, dividends, interest or any other sums whatsoever if the Bank at its sole discretion determine that it is or may be required to do so under the laws, rules or regulations of any jurisdiction. Fees may, in some instances, by agreement between the client and Arion Bank, be higher or lower than the fees stated in the list of fees and charges.

If a cost is incurred in any other currency than ISK, whether pursuant to a judgment/ruling of any court or otherwise, the client indemnifies Arion Bank and hold it harmless from and against any cost (including costs of conversion) and loss suffered by Arion Bank as a result of receiving such amount in a currency other than the currency in which it was due.

All payments by the client under these terms shall be free and clear of and without deduction of any taxes, except to the extent that the client is required by law to make payment subject to any taxes. If any tax or amounts in respect of tax must be deducted from any amounts payable or paid by the client hereunder, the client shall pay such additional amounts as may be necessary to ensure that Arion Bank receives a net amount equal to the full amount which it would have received had payment not been made subject to tax.

In the event of a default, the client agrees to pay Arion Bank, in addition to any cost pursuant to the list of fees and charges, all costs Arion Bank is required to pay as a result of the default, e.g. due to court cases, legal fees and other charges payable by the Bank and other accumulated legal expenses in accordance with these terms.

4. CLIENT ORDERS

A. ORDERS FROM THE CLIENT

Clients can give trade orders in writing, by telephone, fax, e-mail or other electronic means approved by the Bank.

The client's instructions must be clear and clearly expressed. The orders must contain sufficient information, including information about the client, the client's LEI in the case of a legal entity, custody account number and precise information on the proposed transaction or requested service, including the volume and purchase and sale price. The Bank reserves the right to request further information from the client before an order is executed, e.g. security information. If further information is not provided promptly, Arion Bank reserves the right to take any action considered necessary by the Bank at the expense of the client.

The client cannot demand unilaterally from Arion Bank that individual agreements are made or specific services are provided on the basis of these terms. The approval of employees of the Bank is required for the creation of all agreements and provision of all services and the Bank can at its own discretion agree to or reject a transaction with financial instruments or other services, for reasons such as if the client's orders are no difficult to understand, unclear or in violation of the law in the opinion of the Bank. The Bank is not liable for any damage the client may suffer in this case. In such cases the Bank is not required to give a reason for rejecting any transaction. Arion Bank is not obliged to confirm orders before they are executed.

Arion Bank is authorized to act on the orders given or purporting to be given by the client or any person authorized on the client's behalf without further enquiry as to the genuineness, authority or identity of the person giving or purporting to give such instructions.

If the client is a legal entity which has approved these terms, the client is deemed to have automatically granted certain employees of the legal entity authorization to enter into transactions under these terms, unless the client specifically instructs otherwise in writing to Arion Bank. These employees are authorized signatories, the general managing director, the chief financial officer and those who have the appropriate authority according to the legal entity's articles of association or authorized signature list at any given time. Unless the client limits the authority of

these employees otherwise, they shall be authorized to enter into, on the client's behalf, any kind of transactions and procure any service Arion Bank offers at any given time. If the client wishes, at a later date, to limit the authority granted herein, a written statement to that effect must be submitted to Arion Bank which takes effect when the Bank has received it.

B. EXECUTION OF ORDERS

Arion Bank will execute the client's orders in accordance with its Order Execution Policy which apply to transactions by retail clients and professional clients. The order execution policy can be seen at arionbanki.is/fjarfestavernd. Please note that the order execution policy assumes that orders can be executed outside a trading venue. By agreeing to the terms of business for transactions with financial instruments the client agrees that Arion Bank is authorized to execute orders outside a trading venue and declares that it has read Arion Bank's order execution policy and agree to the rules as a whole.

C. CONFLICTS OF INTEREST

Circumstances may arise where the interests of Arion Bank or its employees conflict with the interests of clients or the interests of clients are incompatible with the interests of other clients of the Bank.

Arion Bank has established rules on handling conflicts of interest to identify, prevent and handle conflicts of interest in connection with providing investment services and additional services. Arion Bank's rules on handling conflicts of interest can be found on the Bank's website, arionbanki.is/fjarfestavernd.

D. RECORDING OF COMMUNICATIONS BETWEEN CLIENT AND BANK

Telephone conversations and any kind of digital communications between the client and employees of Arion Bank in connection with the services provided under these terms may be recorded or copied, both those received and those initiated by employees, without notifying this in advance. Sound recording and written copies are the property of the Bank. Sound recordings are made in accordance with the Markets in Financial Instruments Act and the Telecommunications Act No. 70/2022. Arion Bank may present such sound recordings and/or written copies in court cases and/or use them as evidence in other instances if a dispute arises concerning what occurred between parties to these terms, e.g. conditions for and/or execution of transactions. In other respects Arion Bank will treat recordings of telephone conversations and recordings of other communications in the same way as other information pertaining to banking confidentiality, cf. Articles 58-60 of the Financial Undertakings Act.

5. AFTER ARION BANK HAS EXECUTED THE ORDERS

A. NOTIFICATIONS AND CONFIRMATION

Arion Bank may make announcements in a durable medium or on the website arionbanki.is/fjarfestavernd with respect to agreements made or services provided on the basis of these terms

The client should immediately state any objections to the confirmation of the execution of orders, other receipts and statements if deemed necessary. If the client has not objected to the confirmation, receipt or statement in writing within two days of the date on such documents, the Bank deems such confirmations, receipts and statements to contain the correct information, unless there are obvious mistakes. The Bank reserves the right to make corrections to reflect with the real position of the client's assets and liabilities. Any such mistakes will be corrected and notification will be sent to the client.

Arion Bank's records, unless proven to be wrong, will be evidence of the client's dealings with the Bank in connection with the services provided under these terms.

In accordance with the law and regulations, Arion Bank may agree to another arrangement for notifications and confirmations in the case of eligible counterparties.

B. INFORMATION TO THE AUTHORITIES AND OTHER BODIES

Arion Bank may be obliged by law to share information on client orders, their execution, related transactions or the client's position with the relevant authorities or other bodies (in some cases publicly). By confirming these general terms of business for investment services, the client agrees to the sharing of such information. Similarly, the client confirms and agrees to be responsible for ensuring that it perform all obligations incumbent on it in accordance with the law and regulations on the sharing of information on orders, their execution, related transactions and the client's position. Arion Bank will not share information on transactions which the client is required to share by law.

C. SETTLEMENT AND PAYMENT

Transactions are settled on a settlement date which is determined by the venue and type of transaction. The client is encouraged to read the applicable rules at any given time.

Upon settling the sale of financial instruments, accrued charges, costs and fees for the transaction are deducted from the payment unless otherwise verifiably agreed. Furthermore, accrued charges, costs and fees should be added to the payment when the client is buying a financial instrument.

The client is responsible for ensuring that the financial instruments or financial assets which it is obliged to deliver on the settlement date are in the specified account when the transaction is executed. The client is responsible for any damage that the Bank may sustain if the financial instruments or financial assets pursuant to the above are not in place.

Arion Bank has a lien over all financial instruments and financial assets in a custody account for payments to which the Bank is entitled from the client in relation to transactions with financial instruments and which are due and payable. Arion Bank is authorized to sell the financial instruments and other financial assets which it has a lien over to cover payment of all such debts, interest and associated costs. Arion Bank is exclusively authorized to debit the account specified in the agreement between the parties on investment services to collect due payments in respect of transactions with financial instruments.

When the client invests in financial instruments and there are insufficient funds in the client's account to complete the purchase on the day of settlement and no special grace period has been agreed upon between the parties, Arion Bank is authorized to sell the financial instruments in question as the Bank sees fit. The Bank has a claim against the client for any difference between the buying price and selling price of the financial instrument in question, plus costs.

In cases where Arion Bank executes a client's orders pertaining to one or more financial instrument on the basis of these terms and the client in question does not have a custody account at the Bank, Arion Bank is deemed to own those financial instruments which have been acquired until the client has paid the purchase price and all charges to which the Bank may be entitled in respect of the transaction. If the client has not paid the purchase price or charges in connection with the transaction on the settlement date and no special grace period has been agreed upon between the parties, the Bank is not obliged to deliver the financial instruments in question to the client. In such cases Arion Bank is authorized to sell the financial instruments in question as Arion Bank sees fit. The Bank has a claim against the client for any difference between the buying price and selling price of the financial instrument in question, plus costs.

6. CUSTODY OF ASSETS

When assets are transferred to Arion Bank or when a business relationship with Arion Bank commences, a custody account is opened in the name of the client and the financial instruments purchased where Arion Bank is an intermediary should be in the custody of the Bank, unless otherwise agreed. The client can request that other financial instruments in its possession be transferred to the custody of Arion Bank. Arion Bank is responsible for the

custody of financial instruments and other valuables for the client pursuant to these terms. Arion Bank shall keep the financial instruments and other financial assets of the client securely separated from the Bank's assets and it must always be possible to separate assets which the Bank is keeping for one client from assets which it is keeping for any other client and from the Bank's own assets. Arion Bank invests in accordance with client orders as specified in these terms.

Arion Bank is authorized to appoint a third party, on behalf of the Bank, to manage the custody of financial instruments and other financial assets of the client, the settlement of transactions and connected business. In cases where financial instruments are listed on a securities market outside Iceland, Arion Bank is authorized to outsource custody and settlement services to a third party which may be located outside the European Economic Area. The legal relationship between Arion Bank and the client remains unchanged even if the Bank exercises this authority.

Arion Bank is authorized to refuse to make a payment from a client's custody account, if the client owes charges or fees in respect of services provided or if it seems that the Bank may have netting rights with respect to the client's assets, cf. Articles 8 and 9 of these terms. The Bank is also authorized to refuse to make a payment from a client's custody account, if there is any suspicion that the account is being misused or it seems that that the client may become insolvent if the payment is made. Arion Bank will inform the client of any such refusal as quickly as possible.

7. COLLATERAL

A. COLLATERAL FOR TRANSACTIONS AND ADDITIONAL COLLATERAL

If Arion Bank requests that collateral be provided for a transaction, the client must provide collateral which Arion Bank considers sufficient each time. The Bank is entitled at any time to demand collateral which it considers as sufficient at any given time, and it has this right even though collateral has not previously been demanded. The Bank can at any time demand additional collateral if it deems the collateral insufficient, and this may be because the collateral value of the pledged assets has decreased in the opinion of the Bank or because of market conditions. The client furthermore undertakes to sign a special pledge agreement, security agreement or other comparable document if so requested. The Bank can at its own discretion assess the value of the provided collateral and decide whether it is sufficient.

If the client provides assets in a custody account as collateral, the custody account shall be at Arion Bank, unless otherwise agreed. Collateral provided by the client in the form of electronic shares shall be pledged in the client's ISD (Icelandic Securities Depository) account which is connected to the client's custody account at Arion Bank. If the client provides financial instruments in physical format as collateral, the financial instruments shall be in the custody of Arion Bank. If such financial instruments are later registered electronically, the client's approval of these terms also grants Arion Bank the authorization to open an ISD account in the client's name and to transfer the financial instruments into this account. If collateral for transactions has been provided, the client is not entitled to transfer this collateral without the approval of Arion Bank.

If the Bank demands that the collateral value shall always be above a specified minimum, whether based on the value of the pledged assets or the value of those agreements they are designed to secure and the collateral value falls below the specified minimum, the client must provide additional collateral so that the specified minimum will be reached again within the timeframe specified by the Bank.

Arion Bank reserves the right to regularly assess the collateral value of the assets provided as collateral. This collateral value of assets may be different from their market value at any given time and the value is estimated in accordance with internal rules at Arion Bank. This estimate forms the basis for assessing collateral value unless otherwise agreed. The Bank reserves the right to regularly review its internal rules. Arion Bank is, however, under no circumstances, obliged to call for further collateral or additional collateral from the client. The client shall monitor the market value of the collateral it has provided Arion Bank with at any given time and ensure that the collateral is

sufficient to meet the client's obligations to Arion Bank. The client can always provide more collateral than demanded by the Bank. If the market value of the financial instruments provided as collateral suddenly decreases and consequently, in the opinion of Arion Bank, the client cannot meet its obligations with respect to the collateral provided, Arion Bank can sell, without prior notice, all or some of the client's financial instruments which have been provided as collateral.

B. TIME LIMITS

Should Arion Bank demand collateral or additional collateral, the client must provide sufficient collateral within five (5) business days of such a demand being made, unless otherwise agreed. The Bank is, however, authorized to set a shorter time limit, request collateral on the same day, or shorten a previously agreed time limit if necessitated by changes to market conditions. If sufficient collateral/additional collateral is not provided within the specified time limit, it constitutes an event of default, cf. Article 9 of these terms.

8. NETTING

The following provisions apply to netting in derivative transactions:

1. If contracts covered by these terms involve mutual obligations which must be completed in the same payment on the same day, e.g. same currency or same kind of financial instrument, the Bank can decide to net the obligations so that only the difference, if any, is paid.
2. If contracts covered by these terms involve mutual obligations which must be completed on the same day but not in the same payment, the Bank can nevertheless net the obligations so that only the difference, if any, is paid. If payments are not in the same currency, the Bank can convert the payment into Icelandic krónur or another currency before netting takes place.
3. If the client's obligations according to a contract covered by these terms are called due and payable, cf. Article 9, Arion Bank can use netting in respect of claims pursuant to all contracts covered by these terms so that the profit and loss of each party will be settled in a single action, and only the difference, if any, will be due for payment. This does not limit the Bank's right to net that payment against other obligations which the client may have with Arion Bank.

Settlement, according to this article, i.e. the valuation of financial instruments and conversion, shall be carried out in accordance with Article 9 d. If Arion Bank decides to use netting, Arion Bank will notify the client of this with at least five (5) business days' notice, unless otherwise agreed, or if Arion Bank believes there is reason to reduce this time period.

9. EVENTS OF DEFAULT ETC.

A. MINOR DEFAULT

If the client does not fulfil its obligations in accordance with these terms, or agreements which refer to these terms, and this default is not considered major, the client has five (5) working days to correct the events which resulted in the default. This time limit shall be counted from the time when the default began. If the client has not remedied the default pursuant to this article within the specified time, it is considered a major default, cf. section b of this article.

B. MAJOR DEFAULT

In the case of a major default, Arion Bank is permitted, but not obliged, to call the client's obligations to the Bank due and payable. In such case Arion Bank is permitted to use netting to the extent described in Article 8.

The Bank is permitted to call due and payable or close a contract and/or contracts without notice when the client seriously defaults on its obligations. Termination with a reverse contract which eliminates total market risk shall take place at a normal price with respect to the market value of the financial instruments and other financial assets of

the client, market interest rates, and the terms available to the client at any given time. When calculating profit/loss, market conditions on the date the contract is called due and payable are taken into account.

The following events shall always be considered as major defaults in this context:

- The client has not remedied a minor default within five business days.
- If the client has defaulted on other obligations to the Bank than those covered by these terms, and has not remedied these defaults within five working days of the default commencing, or is repeatedly defaulting with Arion Bank.
- If the client does not provide sufficient collateral/additional collateral within the specified time limit, cf. Article 7 or the client's loss from the contracts exceeds 80% of the market value of the collateral, unless otherwise agreed.
- If original copies of contracts have not been delivered to us within five working days of the date on the contract, or before the due date if this is within this time limit.
- If (i) the client is ordered to pay a monetary debt which has been entered in the defaulting debtors' database, (ii) attachment is made on the client's property, (iii) the client applies for cessation of payments, (iv) the client enters into a composition agreement, (v) the client requests to or enters into any agreements with general creditors on the partial cancellation of debt, (vi) a petition is made for the client's bankruptcy (or law permits or demands that such a petition is made), (vii) a request is made for the forced sale of the client's assets or (viii) there is a likelihood in the opinion of Arion Bank that the client will not be able to meet its obligations in accordance with these terms.
- If the client has neglected its obligation to inform and report in accordance with these terms, or any other special terms of Arion Bank, laws or other regulatory acts.
- If the client, which is a legal entity, ceases business.

C. NOTIFICATIONS

Arion Bank will inform the client when its obligations have been called due and payable or a contract/contracts have been terminated as a result of major default.

If a contract is terminated or the client defaults on a payment on the due date, the Bank will send the client notification, including the Bank's calculation of the amount which must be paid and, depending on the circumstances, the value of the collateral which has been enforced. The notification shall be sent no later than fifteen days from the due date, the day on which the amount was called due, or the day on which the collateral was enforced.

The client undertakes to inform Arion Bank immediately of all existing or foreseeable events of default according to these terms and terms and agreements connected to them.

D. METHODS OF SETTLEMENT, VALUATION AND CURRENCY TRANSLATION

In the event of netting, calling a contract/contracts due and payable or terminating a contract/contracts, Arion Bank calculates the client's profit/loss on the contract/contracts in question and the market value of the collateral. Arion Bank will send the client this calculation no later than fifteen days after the contract/contracts has been called due and payable or terminated.

Assessments of the market value of financial instruments which have been admitted to trading on a regulated securities market shall be based on the closing price on the relevant market one day before the assessment is made. If price formation on that day was unusual in the opinion of Arion Bank, it is permitted to base the valuation on the closing price over several business days and take into account the turnover of financial instruments on individual days.

Arion Bank is always permitted, but not obliged, to convert defaulted debts in foreign currencies into Icelandic króna on the date the debt is called due and payable or, according to circumstances, on the due date of the debt or later. In such cases the buying rate of the Central Bank of Iceland at 11:00 a.m. on the settlement date shall be used as a reference.

E. DEFAULT INTEREST

The client shall pay penalty interest on the debts to the Bank in accordance with the decision of the Central Bank of Iceland at any given time, on penalty interest base and default surcharge, cf. Article 6 (1) of the Interest and Indexation Act No. 38/2001, on the due amount from the due date/date the debt was called due and payable until the payment date, irrespective of whether debts are in Icelandic krónur, have been converted into Icelandic krónur or are in a foreign currency.

Unpaid default interest will be added to the principal debt every twelve months, the first time being twelve months after the first day of default, regardless of whether it is in Icelandic krónur, converted into Icelandic krónur or a foreign currency.

F. COSTS

In the case of default on the part of the client, the client undertakes to pay Arion Bank, in addition to the costs specified in the list of fees and charges, the following costs: all costs which the Bank must pay because of the default, the costs of any court proceedings or other court costs, legal fees or other expenses to be paid by Arion Bank, and other legal expenses incurred in collection.

G. DEBITING

If a debt is not settled on its due date or, as applicable, the date on which the debt is called due and payable, Arion Bank is authorized to debit the client's account at Arion Bank and thereby settle the debt, if possible in the currency of the debt. The due date is determined either by agreement or according to general practice.

H. POWER OF ENFORCEMENT

If the client's obligations are called due and payable or a contract/contracts is/are terminated, in part or in whole, Arion Bank is authorized, without any prior warning, to seek enforcement of the collateral which the client has provided in the manner chosen by Arion Bank, including by selling financial instruments without forced sale. The Bank may choose whether to seek enforcement of all the collateral or only a part thereof, and in which order this is carried out.

10. LIMITED LIABILITY

Neither Arion Bank, its directors or other employees, or representatives of the Bank shall be liable for any damage, costs or expenses, incurred by the client due to transactions or agreements made on the basis of these terms (including where Arion Bank has declined to enter into a proposed transaction) on account of negligence, unless such loss is a generally foreseeable or direct consequence of gross negligence, wilful default or fraud on the part of Arion Bank. In no circumstance shall liability include losses suffered by the client or any third party for any special damage, or loss of profits or loss of goodwill or loss of business opportunity arising under or in connection with these terms, whether arising out of negligence, breach of contract, misrepresentation or otherwise.

Arion Bank does not accept responsibility for any loss or damage which arises from or is attributable to any acts, events, omissions or accidents which can be regarded as being beyond the Bank's control, including, but not limited to, any breakdown, malfunction or failure of communications or computer equipment, natural disaster, war, terrorism, malicious damage, civil unrest, epidemics, strikes, acts, regulations or instructions by any governmental or supra national bodies or authorities.

Arion Bank is not responsible for notifying the client of the position of contracts or their closure at a specific threshold or event unless a special agreement has been made to this effect or if it is required by law. It is therefore the client's responsibility to monitor the position and development of the contracts made with Arion Bank.

Market conditions can change greatly over a short period of time and Arion Bank cannot guarantee that it will be possible to process the client's trading order at the requested price. Arion Bank does not take responsibility for any damage, which the client may sustain, if the trading orders are processed at a less favourable price than assumed by the client at the time the orders were given, e.g. due to changes to the price during the time it takes to process the trade order. Arion Bank is not responsible for financial instruments yielding the return expected by the Bank or the client, or for the exchange rate developing as expected by the Bank or the client. Arion Bank is also not responsible for any damage or loss resulting directly or indirectly from information from, or actions by, third parties or from the Bank's legal obligations.

The client is responsible, among other things, for the tax-related, legal or accounting aspects relating to transactions and services pursuant to these terms and is encouraged to seek independent advice on these matter as the client considers appropriate.

11. TERMINATION

The client is permitted to terminate its business relationship with Arion Bank without notice. Arion Bank can terminate its business relationship with the client with four weeks' notice. However, Arion Bank is permitted to terminate the business relationship without notice if the client has seriously violated these terms, is found guilty of fraudulent conduct or does anything else to contravene honest and standard business practices in the opinion of the Bank.

Financial instruments and other assets owned by the client shall be delivered to the client at the end of the period of notice and the custody account closed upon settlement of costs incurred. If the contractual relationship is terminated without notice, Arion Bank shall deliver all assets as quickly as possible and close the custody account upon settlement of costs incurred. If the client provides Arion Bank with insufficient information or does not take necessary measures to enable Arion Bank to deliver the assets, the Bank will administer the assets on behalf of the client and at the client's expense, pursuant to these terms, until the client has taken the appropriate measures.

12. LEGISLATION AND LEGAL VENUE

These terms as well as agreements made on the basis of these terms, unless otherwise specified, are subject to and governed by Icelandic law.

Should a dispute arise from these terms, the parties will seek to resolve the dispute in amicable fashion. The client can request from Arion Bank information on available legal or administrative resources, such as the Complaints Committee on Transactions with Financial Undertakings which is located at the Financial Supervisory Authority of the Central Bank of Iceland. Further information on the Committee can be found at the FSA's website, www.sedlabanki.is. Any legal proceedings arising from these terms shall be heard by Reykjavik District Court.

The client irrevocably waives to the fullest extent permitted by applicable law, with respect to itself, revenues and assets (irrespective of their use or intended use) all immunity on the grounds of sovereignty or other similar grounds from (i) suit, (ii) jurisdiction of any court, (iii) relief by way of injunction, order for specific performance or for recovery of property, (iv) attachment of the client's assets (whether before or after judgment) and (v) execution or enforcement of any judgment to which the client or its revenues or assets might otherwise be entitled in any proceedings in the courts of any jurisdiction and the client irrevocably agrees, to the extent permitted by applicable law, that it will not claim any such immunity in any proceedings. The client gives its irrevocable consent, to the fullest extent permitted by applicable law, that it will not seek such immunity in any legal proceedings.