



Press Release

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Arion Bank: Changes to the Bank's variable remuneration scheme

The Board of Directors of Arion Bank has approved changes to the Bank's variable remuneration scheme for the year 2024. The current scheme was originally put in place in December 2020 and is fully compliant with the rules of the Central Bank on variable remuneration for employees of financial institutions and the remuneration policy of the Bank, which was approved by the Annual General Meeting.

The main change is that certain employees, who previously were only entitled to receive shares in the Bank, can now, in addition to a payment of up to 5% of their annual salary, choose whether to receive the remainder of the variable remuneration in the form of shares in the Bank or share options, up to equivalent of 20% of their annual salary. 40% of the variable remuneration is deferred for a period of four or five years in accordance with the Act on Financial Undertakings. In addition, there is a three-year sale restriction on delivered shares.

The main terms of the share options are:

- The price of shares shall be the market price of shares in the Bank on the day the Board of Directors formally approves the financial statements for the full year 2024 and shall be increased on a yearly basis by calculating annual interest. The rate of interest to be used shall be consistent with market practice and market situation at the time of valuing the share options. The share options shall be adjusted for any divided payments which are made during the vesting period.
- 1/2 of the share options can be exercised three years after issuance and the remainder can be exercised four years after issuance (five years for the CEO and employees who report directly to the CEO).
- The exercise period is 15 business days for each period following the publication of the annual report. If a share option is not exercised during the relevant period, it shall be considered cancelled.
- Share options are generally cancelled following the termination of employment.
- The fair value of the share options shall be calculated using the Black-Scholes model and an independent third-party adviser shall be engaged to confirm the Bank's calculations.



All other employees of Arion Bank, except for employees of regulatory units, continue to be part of the scheme, and can receive up to 10% of their annual salary as part of variable remuneration once the full-year financial statements for the year 2024 have been approved.

All payments pursuant to the variable remuneration scheme are subject to the relevant benchmark triggers of the scheme being met.

For any further information please contact:

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Attachments

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