

Information about the terms of share options according to the Bonus scheme for the year 2025 and main criteria in their pricing.

In accordance with the Bonus scheme of Arion Bank, certain employees can receive bonus payment in respect of the year 2025 of up to 25% of their annual salary.

Upon the payment of the bonus in March 2026 for the year 2025, a part of the payment for this respective group will be in the form of cash payment (up to 20% of the approved bonus). Employees can then choose between three options for the payout of the remaining bonus: i) shares in the Bank, ii) share options for shares in the Bank, or iii) a mix of both.

The main terms of the share option agreements are as follows:

Share options according to ii) apply to 80% of the approved bonus. The first exercise period of the share option agreement, during which it is allowed to exercise half of the share options, is after three years, while the second exercise period for the remaining half of the options is after four years (five years for the CEO and employees reporting directly to the CEO).

Share options according to iii) only apply to the deferred portion of the bonus or 40% of the approved bonus. The exercise period for the share option is after four years (five years for the CEO and employees reporting directly to the CEO).

The exercise period is 20 working days following the publication of the annual financial statement.

If a share option, or part of a share option, is not exercised during the relevant exercise period, it will expire.

The base price in the share option agreements is 199.5 per share, which is the share price of the Bank on the day the annual financial statement for 2025 was endorsed. This price is subject to 5.5% annual interest over the vesting period and will be adjusted for any dividends declared during the vesting period.

Share options are generally cancelled if the employment relationship is terminated.

In certain circumstances, the company has the right to claw back share options in full or in part according to the company's rules on variable remuneration.

Main criteria for pricing share options

The value of the share options was calculated in accordance with the Black -Scholes model by an independent expert.

Share Option Value according to ii)			
ISK	First Exercise Period	Second Exercise Period	Weighted Average
Number of shares	0,5	0,5	1,0
	199,5	199,5	199,5
Fluctuation (o)	20,5%	21,3%	20,9%
Risk Free Interest (r)	6,96%	6,88%	6,92%
Dividend ratio (q)	0,0%	0,0%	0,0%
Purchase Price with 5.5% interest (x)	234,4	247,1	240,7
Share Price on calculation date (S)	3,0	4,0	3,5
Lifetime of Share Option (t)			
d1	0,322	0,363	0,343
d2	-0,036	-0,066	-0,051
Share Option Value	31,2	37,4	34,3

Share Option Value according to ii) - CEO and employees reporting directly to the CEO			
ISK	First Exercise Period	Second Exercise Period	Weighted Average
Number of shares	0,5	0,5	1,0
	199,5	199,5	199,5
Fluctuation (o)	20,5%	21,5%	21,0%
Risk Free Interest (r)	6,96%	6,82%	6,89%
Dividend ratio (q)	0,0%	0,0%	0,0%
Purchase Price with 5.5% interest (x)	234,3	260,7	247,5
Share Price on calculation date (S)	3,0	5,0	4,0
Lifetime of Share Options (t)			
d1	0,322	0,399	0,36
d2	-0,036	-0,083	-0,060
Share Option Value	31,2	42,2	36,7

Share Option Value according to iii)		
ISK	4 Year	5 Year
Number of shares	1	1
	199,5	199,5
Fluctuation (o)	21,3%	21,5%
Risk Free Interest (r)	6,88%	6,82%
Dividend ratio (q)	0,00%	0,00%
Share Price on calculation date (S)	247,1	260,7
Purchase Price with 5.5% interest (x)	247,1	260,7
d1	0,363	0,399
d2	-0,066	-0,083
Share Option Value	37,4	42,2