



Allocation policy

1. General

This policy states the principles that Arion Bank hf. (hereinafter the "**Bank**") follows when allocating financial instruments in relation to general offerings and registration of financial instruments on regulated market or multilateral trading facilities (MTF) managed by the Bank. The purpose of the policy is to prevent conflicts of interest and to promote integrity and fairness in treatment of clients and the conduct of business.

This policy is set on the basis of Article 40 of Delegated Regulation no. 2017/565 and Articles 32 and 33 of Act no. 115/2021 on Markets for Financial Instruments.

The objectives of the policy are particularly to: Ensure transparency of the allocation process, promote honest, fair and professional practices in accordance with sound and prudent business practices, minimize conflicts of interest when the Bank's employees give recommendations on allocation to an Issuer, and ensure compliance with applicable legislation and the Bank's rules at any given time.

This policy shall be provided to the Issuer before the bank agrees to undertake any placing services.

2. The Bank's measures against misconduct

The bank has established [rules on handling conflicts of interest](#) which are intended among other things to prevent and deal with conflicts of interest that may arise in the placing process and that relationships in the present or future have an undesirable effect on the Bank's services and advice.

The Bank will not accept payments or benefits from third parties unless the conditions of Article 36 of Act no. 115/2021 on Markets for Financial Instruments are met, cf. Article 25 of regulation no. 976/2021, other relevant laws and the Bank's internal rules on inducements. If the Bank receives payment from a third party, it is obliged to provide its customers with information in accordance with Article 26 of the cited regulation.

Once the Bank has undertaken to provide an Issuer with placing services, it will not engage in the following conduct:

- Laddering: Allocation to an investor made to incentivize payment of excessively high fees or commissions for unrelated services, or for having an excessive volume of trades for a normal fee.
- Spinning: Allocation to a senior executive or a corporate officer that is an existing or potential issuer client of the Bank, if the allocation is remuneration for future or past award of corporate finance services.
- An allocation that is directly or indirectly conditioned on the receipt of future transaction orders or the purchase of the Bank's other services by an investor, or any entity of which the investor is a corporate officer.



3. Participation of the Issuer

The Issuer must be consulted during the allocation process so that the Bank can understand and consider his interests and goals, both in terms of pricing and allocation. In general, the Bank makes a proposal for allocation according to the type of investor, in accordance with this allocation policy and the goals and interests of the Issuer that have been defined in a project agreement between the Bank and the relevant Issuer and/or its shareholders. The Issuer's Board of Directors makes the final decision on allocation.

It shall be concluded as early as possible in the process (and no later than when issuing a prospectus when admitting securities to trading on the regulated market or a registration document when admitting to MTF) to what extent the Issuer is involved in, among other things, setting objectives and instructions for allocation.

During the process, the Issuer will receive the following documents for review and approval:

- Objective of the allocation, as defined by the Issuer;
- Final order book at various pricing levels, if applicable;
- Draft allocation recommendation for review and approval; and
- Final allocation plan, for review and approval.

4. The allocation process and investor selection

General

During the allocation process and the selection of investors for transactions with financial instruments, the Bank acts exclusively in the interest of the Issuer. The Bank assists in the selection of investors and makes a proposal for allocation if the Issuer so wishes, taking into consideration the Issuer's goals, instructions or preferences, if any.

The pricing and allocation processes are complex tasks that are inherently subject to the judgement of the Bank and the Issuer. The process is evaluative in nature and when the Bank assists it shall be done in a fair and orderly manner. Recommendations are based on the Bank's knowledge and experience of previous offerings, the overall assessment of the situation at each time and the interests of the Issuer obtaining the best price available within the defined time and size of the offering. The process is based on the principles of fairness and transparency and is designed to ensure that the interests of investors and/or the Bank are not put before the interests of the Issuer.

The Bank provides the Issuer with advice on the most suitable timing of the offer and its pricing. The Bank's advice takes into consideration, among other things, investor demand, the scope of the offering, similar offerings, market conditions and future prospects at any given time. In order to provide more accurate advice, it is possible that the Bank proposes to gauge the interest of the market by undertaking market sounding, subject to the Issuer's approval.

All decisions and relevant documents in connection with the offering must be recorded and preserved in accordance with Article 23, cf. f and g- point of Article 4 of Act no. 115/2021, Article 43 of Delegated Regulation 2017/565 and other rules that apply at any given time.



Process for determining proposed final allocation

The Bank sends the Issuer the allocation policy before the Bank agrees to undertake any placing services. The Bank discusses with the Issuer the proposed allocation by category or type of investors, what the Issuer's goals are and whether certain considerations should weigh more heavily than others during the allocation process.

At the end of the offering period, the Bank provides the Issuer with information on submitted orders, investors who submitted them, proposed allocation and the reasoning for it. The final decision on allocation is made by the Issuer, who is solely responsible for it.

The Bank's employees interacting with investor clients of the Bank in situations outside of the book-building process, shall not request specific allocations for individual investors or otherwise seek to influence the decision on allocation.

The Bank will, where appropriate, inform the market about developments in the offering process, in consultation with the Issuer, subject to confidentiality and/or other obligations of the Bank.

Selection of investors

When choosing investors, the Bank will generally consider the following factors:

- The Issuer's preferences, in particular with regard to the type and classification of the investor, including past behavior and investment period (how long the investor intends to hold the financial instrument).
- Geographical location of the investor.
- The nature and level of interest of the investor in the transaction, such as feedback to management.
- The investor's interest in, and previous participation in offerings in general, or other securities of the client or other companies in the same industries.
- The size of the investor's offer as a percentage of the size of the offering.
- Distributions to the appropriate group of investors to achieve acceptable price stability in the secondary market.
- Other factors that are important in the opinion of the Bank or the Issuer