



## Arion Bank's policy on responsible product management, product range and one-to-one marketing

Arion Bank endeavours to offer goods and services which are beneficial to our customers, shareholders and society as a whole and to present them to the appropriate target groups responsibly.

- Our range of goods and services considers the needs and circumstances of our customers and society as a whole.
- We make every effort to enable our customers to attend to their finances conveniently and simply.
- We define and assess the potential risk involved with any product
- We aim to be responsible in our marketing and use data and analysis to customize it to the appropriate target groups.
- Protecting personal data is of utmost importance to us.
- We are taking concrete action to expand the range of green financial products which take into account environmental and climate issues.
- We take due care to ensure that the Bank's marketing and promotional material reflects the diversity of society and to ensure equality.
- We pay special attention to children and young people and are in full compliance with the law with respect to marketing aimed at them.
- When buying goods and services for the purpose of the Bank's marketing, we follow the Bank's rules on purchasing, which means that all suppliers are required to undergo an assessment of how they perform with respect to equality issues, labour laws and environment and climate issues.

## Procedure for responsible product management and marketing

### Responsible product management

The procedure for responsible product management is defined at Arion Bank and takes into account the European Banking Authority's Guidelines on product oversight and governance arrangements for retail banking products. The person responsible for each product is defined and is generally a department head or managing director of the division to which the product belongs. A product manager reports to the person responsible and monitors the product and any anomalies, risks, statistics and trends associated with the product during its lifetime. A product manager is also responsible for ensuring the product retains its intended characteristics throughout its lifetime.

The Bank seeks to minimize conduct risk by ensuring that the interests, objectives and characteristics of the target group of the product are always considered, to avoid causing damage to the customer and to minimize conflicts of interest. Decisions are well thought out and when a new product is introduced or an important change to an existing product is made, it is defined who the product/change is suitable for and who it is not.

### Target group

A target group is defined for each product and updated whenever necessary. A definition is also given for which target groups the product is not suited. The expectations and characteristics of the target group are considered any time a change is made, including their financial capacity.



### **Monitoring products**

When a product has been marketed, the product manager monitors the product and ensures that due consideration is always taken of the interests, objectives and characteristics of the target group. Key performance indicators (KPI) and key risk indicators (KRI) are monitored and action taken if necessary. The product manager defines the frequency of monitoring by importance and type (automatic vs manual) and documents the results of monitoring. Monitoring includes performing a regular risk assessment of a product to see whether a product retains the intended characteristics over its lifetime.

Arion Bank carries out regular surveys to measure customer satisfaction with the Bank's key services and products. The net promoter score (NPS) is used for each product, each branch and for the Bank as a whole. The results of these surveys are shown to employees and used to help improve the Bank's services and products.

Arion Bank enables customers to submit feedback on and/or recommendations for products/services and this feedback is recorded and categorized by product. The product manager is responsible for examining feedback and recommendations from customers on a regular basis and for responding to it appropriately.

The Bank addresses risk in its operations in a special risk report, the Pillar 3 Risk Disclosures. The Pillar 3 Risk Disclosures are published once a year and address the primary risk factors faced by companies in the financial sector, such as credit risk, market risk, liquidity risk and operational risk. Each chapter provides a comprehensive overview of the status of each risk category. The chapter on operational risk goes over the Bank's regulatory framework with respect to risk assessments, i.e. how they are conducted and how the results are handled. In the current set-up, the first line of defence conducts risk assessments of the products, systems and models for which they are responsible. The results of these risk assessments are then presented in the Pillar 3 Risk Disclosures. In addition a statistical overview from the Bank's anomaly dataset is provided, and anomalies are recorded by product and system.

For each product or product category, active risks are monitored and recorded over the lifetime of the products as are the controls in place to tackle each risk. Risks may pertain to operational risk, credit risk, liquidity risk and marketing risk. In addition an annual risk assessment is performed on the products and this is documented and stored in a specific location managed by product managers.

### **Documentation**

Product managers ensure that all important information on a product is documented in an accessible format.

Examples of important information:

- Approval to market the product to customers.
- Shock scenarios, rationale for the product and assessment of impact on environment and society where applicable.
- Target group and people outside target group.
- Key performance indicators.
- Decisions on changes to the product.
- Minutes of meetings which the product manager considers important to document.

### **Marketing products**

Arion Bank uses data and analysis responsibly in its marketing and ensures that it complies with the law and regulations on data protection and the processing of personal data.

The Bank uses cookies to improve the efficiency of the Bank's website and the experience and needs of its users. The cookies used by the Bank's website are the following:



**Strictly necessary cookies** are essential in order for a website to work as intended. The information gathered by the cookies provides an insight into customer use and are used to develop and enhance the services provided by the site. Cookies also facilitate searches for a particular subject.

They are also used to customize websites to an individual user's needs with the aim of enhancing customer experience and displaying targeted product recommendations.

**Statistical cookies** are used to analyse traffic on the Bank's website and to collect statistical data on the use of the website and the success of marketing campaigns.

**Third-party cookies** collect and use certain information on the user's activities online, on the Bank's website and/or other websites or mobile apps in order to infer the user's interests and to direct targeted advertisements at the user based on their apparent interests.

Third-party cookies also collect information on a customer's visits to the Bank's website in order to monitor the effectiveness of online advertisements and marketing (e.g. how often the user clicks on one of the Bank's advertisements). Information collected by third parties does not involve personal information which allow the user to be identified. Users who do not wish to see these advertisements can disable cookies.

#### **Personalized recommendations**

Arion Bank provides its customers with personalized and professional financial and insurance advice by sending them notifications on special offers, products and services from the Bank which meet their needs. Notifications received by the customer in digital media, e.g. the Bank's website, online banking, the app and website banners, are personalized to the needs of the customer and are provided with the consent of the customer.