



Meeting announcement Annual General Meeting – Arion Bank hf.

The Annual General Meeting of Arion Bank hf., ID-No. 581008-0150, will be held at the Bank's head office at Borgartún 19, 105 Reykjavík, on 17 March 2020 at 16:00. The meeting will be conducted in Icelandic, but translation services into English will be available.

The meeting's agenda is as follows:

1. **The Report of the Board of Directors on the Bank's operations, activities and financial situation during the last financial year**
2. **Approval of the Bank's annual financial statements**
3. **A decision on payment of a dividend**

It is proposed that a dividend of ISK 9,977,000,000.00 will be paid to the Bank's shareholders. The dividend will be equal to ISK 5.50 per share.
4. **Election of the Bank's Board of Directors**
5. **Election of an auditing firm**
6. **A decision on remuneration to the Board of Directors and compensation to members of the Board's sub-committees**
7. **A decision on remuneration to the members of the Nomination Committee**
8. **A proposal to authorize the Board of Directors to implement a share option plan**

If the proposal is approved the AGM authorizes the Board of Directors to implement a share option plan based on the provisions of Article 10 of the Income Tax Act no. 90/2003.
9. **A proposal from the Board of Directors concerning the Bank's Remuneration Policy**
10. **A proposal from the Board of Directors concerning the Rules of Procedure for the Nomination Committee**
11. **Appointment of two members of the Bank's Nomination Committee**
12. **Proposal to reduce share capital by cancelling the Bank's own shares and a corresponding amendment to the Articles of Association**
 - a. According to the proposal the Bank's share capital will be reduced by a nominal value of ISK 84,000,000, i.e. from a nominal value of ISK 1,814,000,000 to ISK 1,730,000,000.
 - b. The proposal entails a change to Article 4.1 of the Articles of Association, which will read as follows: "The Company's share capital is ISK 1,730,000,000 – one billion seven hundred and thirty million Icelandic kronur."



13. Proposal to renew the authorization to purchase own shares and a corresponding amendment to the Articles of Association

If the proposal is approved, the temporary authorization to the Board of Directors to purchase up to 10% of the Bank's share capital will be renewed and shall remain in effect until the Bank's AGM in 2021 or 15 September 2021, whichever occurs first. The authorization shall be used to set up a formal share repurchase program or for the purpose of offering shareholders generally to sell their shares to the Bank. The repurchase of shares is subject to prior approval by the Financial Supervisory Authority of the Central Bank of Iceland.

14. Authorization to issue warrants and a corresponding amendment to the Articles of Association

The proposal entails that a new Article 4.9 will be adopted into the Bank's Articles of Association, providing the board of directors with an authorization pursuant to Article 46 of Act no. 2/1995 on Public Limited Companies to issue warrants for up to 54,000,000 shares in the company and to execute the necessary share issue upon exercise of the warrants. According to the proposal, shareholders waive any preferential rights to the warrants and new shares issued in relation thereto.

15. Amendments to the Bank's Articles of Association

It is proposed that Article 10.10 of the Bank's Articles of Association be amended in such a way that a shareholder's right to have a specific matter dealt with at a convened shareholders' meeting, if it makes a written or electronic request to the Board of Directors, be limited to the Annual General Meeting cf. Par. 2 Art. 86 of the Act respecting Public Limited Companies no 2/1995. If approved, the wording "shareholders' meeting" in the first sentence of Article 10.10 will be replaced with "Annual General Meeting".

16. Other business

Explanatory notes to agenda items no 4 and 11:

Election of the Bank's Board of Directors

In accordance with the Bank's Articles of Association the Bank's Board of Directors shall be elected at an Annual General Meeting of the Bank for a term of one year. Individuals who intend to stand for election as a member of the Board of Directors must give notice of their candidacy in writing to the Board of Directors no later than five days prior to the commencement of the Annual General meeting, in accordance with the Articles of Association of the Bank. Notifications must be sent to shareholders@arionbanki.is by 16:00 Icelandic time on 12 March 2020.

The Nomination Committee will propose to the shareholders the candidates to serve on the Board of Directors based on shareholders' proposals and submission of candidacy and publish its proposal along with other declarations of candidacy on the Bank's website www.arionbanki.is/gm no later than two days before the Annual General meeting. They will be made available at the Bank's headquarters at the same time.

The election of two members to serve on the Nomination Committee:

In accordance with the Bank's Articles of Association and the Rules of Procedure for the Nomination Committee, the Annual General Meeting shall vote two of the three members of the Nomination Committee. The third



member of the Nomination Committee shall be the chairman of the Board of Directors or another member of the Board of Directors appointed by the Board.

The individuals who intend to stand for election as members of the Nomination Committee must give notice of their candidacy in writing no later than five days prior to the commencement of the Annual General meeting. Notifications must be sent to shareholders@arionbanki.is by 16:00 Icelandic time on 12 March 2020. The applicable arrangement for the voting of Board members in the Articles of Association shall apply to the voting of Committee Members. Notifications from candidates will be published on the Bank's website www.arionbanki.is/gm no later than two days before the Annual General meeting and will be made available at the Bank's headquarters at the same time.

General Information:

The final agenda, meeting announcement, the financial statement for the year 2019, proposals and other documents for the Annual General Meeting will be available on the Bank's website, www.arionbanki.is/gm, no later than 25 February 2020 and will be accessible at the Bank's headquarters from the same date. An English translation of the meeting material will be accessible to shareholders at the Bank's headquarters as well as on the Bank's website www.arionbanki.is/gm. Should there be discrepancy between the English and the Icelandic version, the latter prevails.

Each shareholder is entitled to have a specific matter dealt with at the meeting if he/she so requests in writing or by electronic means no later than ten days prior to the Annual General Meeting, i.e. no later than 16:00 Icelandic time, 7 March 2020. A rationale or a draft resolution shall be enclosed with such a request. The request shall be sent to the Board of Directors by an email to shareholders@arionbanki.is.

Each share of the Bank carries one vote except treasury shares.

Voting at the Annual General Meeting will be conducted by electronic means, by the use of the Lumi AGM app and Lumi AGM web solution. Shareholders are encouraged to download the Lumi AGM app to an internet enabled device, such as a mobile phone or tablet, prior to the meeting.

Shareholders who do not intend to attend the Annual General Meeting in person can also vote on items on the agenda electronically. More detailed information on electronic voting can be found on the Bank's website www.arionbanki.is/gm. Special attention is drawn to the fact that it may take up to five working days to receive a password so shareholders are urged to apply for a password in a timely manner.

Shareholders may authorize a representative to attend the Annual General Meeting on their behalf and vote on their behalf. The representative shall submit a written or electronic dated power of attorney at the beginning of the meeting. The power of attorney shall be valid only for attendance at one shareholders' meeting unless otherwise clearly stated in the contents of the power of attorney but can in any case never be valid for more than one year. The required form of a power of attorney will be available on the Bank's website. To facilitate admission, powers of attorney can be submitted to the Bank before the meeting at shareholders@arionbanki.is.

Shareholders or the representatives of shareholders are asked to present themselves when arriving to the meeting (please bring valid ID). Registration will commence at the meeting venue from 15:30 on the day of the meeting.



Notice to holders of Swedish Depository Receipts (“SDRs”):

Holders of SDRs who wish to attend or vote by proxy at the Annual General Meeting must be registered in the register kept by Euroclear Sweden AB (“Euroclear”) by 5:00 p.m. (CET) on 12 March 2020 and perform either of the following:

- I. Notify Skandinaviska Enskilda Banken AB (publ) (“SEB”) of their intention to attend the Annual General meeting no later than 12 March 2020; or
- II. send an original signed proxy form to SEB so as to arrive at SEB no later than 12 March 2020.

SDRs are only registered in the name of the SDR holder in the register kept by Euroclear. SDR holders registered in the name of a nominee must have their SDRs registered in their own names in the register at Euroclear to be entitled to attend and/or vote (by an authorized attorney or in person or by proxy form) at the Annual General Meeting. SDR holders who hold the SDRs through a nominee must therefore ask their nominee to make a temporary owner registration (so-called voting-right registration) in good time before the voting record date 12 March 2020 if they wish to attend and/or vote.

Requirement I: SDR holders who are directly registered in the register at Euroclear, or whose SDRs have been voting-right registered by 5:00 p.m. (CET) on 12 March 2020 and who wish to attend (by an authorized attorney or in person) at the Annual General Meeting must notify SEB of their intention to attend the Annual General Meeting no later than 12 March 2020.

Notice of the intention to attend the Annual General Meeting should be made to SEB, by mailing the notification of attendance form to the address; SEB, Issuer Agent, AB3, SE-106 40 Stockholm, by e-mailing <mailto:iadarion@seb.se>, by phone +46-8-763 55 60 or by faxing +46-8-763 62 50. Please state your name, phone number, personal number and quantity.

Requirement II: SDR holders who wish to instruct SEB to vote by proxy form must send their original signed proxy forms **by post so as to arrive** at SEB, Issuer Agent, AB3, SE-106 40 Stockholm, delivery address for courier deliveries (e.g. DHL Express): Råsta Strandväg 5 169 79 Solna, **no later than 12 March 2020**. Notifications and Proxy forms will be available on the Bank’s website www.arionbanki.is/gm.

Temporary restriction on transferring SDRs to shares

During the period from end of business on 12 March 2020 up to and including 19 March 2020 a conversion to or from SDRs and shares in Arion Bank hf. will not be permitted.

More detailed information regarding the meeting is available on the Bank’s website www.arionbanki.is/gm.

Reykjavík, 25 February 2020
Board of Directors of Arion Bank hf.