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Arion Bank's IPO – Offer period closed

Reference is made to the announcement regarding the publication of the prospectus and commencement of the bookbuilding period on 31 May 2018 and the three announcements on the update of the status of bookbuilding published on 13 June 2018.

The offer period in the offering has closed. An announcement of the final Offer Price and number of the Offer Securities will be made on 15 June 2018, and results of allocations under the Offer will be notified to investors on 15 June 2018, as stated in the *Expected Timetable of Principal Events* in the Prospectus published on 31 May 2018.

Íslensk þýðing:

Frumútboði Arion banka lokið

Vísað er til tilkynningar um útgáfu lýsingar og opnun tilboðsbóka í frumútboði þann 31. maí sl. og þriggja tilkynninga um uppbyggingu tilboðsbókar sem birtar voru þann 13. júní 2018.

Frumútboði er lokið. Tilkynning um endanlegt útboðsverð og fjölda hluta í útboðinu verður gefin út á morgun 15. júní 2018 og verða niðurstöður úthlutunar sendar fjárfestum þann dag, eins og kemur fram í *Expected Timetable of Principal Events* í lýsingunni sem var birt þann 31. maí 2018.

Íslenski textinn hér að framan er þýðing upplýsinga sem fram koma í ofangreindri tilkynningu á ensku. Ef misræmi er milli íslenskrar þýðingar og enska textans gildi enski textinn.

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The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States absent registration or an exemption from the registration requirements under the Securities Act. Arion Bank does not intend to register any portion of the offering in the United States or to conduct a public offering of securities in the United States.

Arion Bank has not authorised any offer to the public of securities in any Member State of the European Economic Area, except in Iceland and Sweden. With respect to any Member State of the European Economic Area which has implemented the Prospectus Directive other than Iceland and Sweden (each a "**Relevant Member State**"), no action has been undertaken or will be undertaken to make an offer to the public of securities requiring publication of a prospectus in any Relevant Member State. As a result, the securities may only be offered in Relevant Member States:

- (i) to any legal entity which is a "qualified investor" as defined in the Prospectus Directive; or
- (ii) in any other circumstances falling within Article 3(2) of the Prospectus Directive.

For the purpose of this paragraph, the expression "offer of securities to the public" means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable the investor to decide to exercise, purchase or subscribe for the securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

Any such investor will also be deemed to have represented and agreed that any securities acquired by it in the contemplated offering of securities have not been acquired on behalf of persons other than such investor. This announcement is not an advertisement within the meaning of the Prospectus Directive and does not constitute a prospectus.

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Stabilisation

In connection with the IPO, Citigroup Global Markets Limited (the "**stabilisation manager**"), or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Shares and SDRs or effect other transactions with a view to supporting the market price of the Shares and SDRs at a higher level than that which might otherwise prevail in the open market. The stabilisation manager is not required to enter into such transactions and such transactions may be effected on any

stock market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings of the Shares and the SDRs on NASDAQ Iceland and NASDAQ Stockholm, respectively, and ending no later than 30 calendar days thereafter. However, there will be no obligation on the stabilisation manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilising measures, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken to stabilise the market price of the Shares and SDRs above the offer price in the IPO. Save as required by law or regulation, neither the stabilisation manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the IPO.

In connection with the IPO, the stabilisation manager may, for stabilisation purposes, over-allot Shares and SDRs up to a maximum of 15% of the total number of Shares and SDRs comprised in the IPO. For the purposes of allowing it to cover short positions resulting from any such over-allotments and/or from sales of Shares and SDRs effected by it during the stabilisation period, the stabilisation manager is expected to enter into over-allotment arrangements pursuant to which the stabilisation manager may purchase or procure purchasers for additional Shares and SDRs up to a maximum of 15% of the total number of Shares and SDRs comprised in the IPO (the “**Over Allotment Securities**”) at the offer price. The over-allotment arrangements will be exercisable in whole or in part, upon notice by the stabilisation manager, at any time on or before the 30th calendar day after the commencement of conditional dealings of the Shares and the SDRs on NASDAQ Iceland and NASDAQ Stockholm, respectively. Any Over-allotment Securities made available pursuant to the over-allotment arrangements, including for all dividends and other distributions declared, made or paid on the Shares and SDRs, will be purchased on the same terms and conditions as the Shares and SDRs being issued or sold in connection with the IPO and will form a single class for all purposes with the other Shares and SDRs, respectively.