

This information is information that Arion Banki hf. is obliged to disclose pursuant to the EU Market Abuse Regulation. The information was submitted for publication on 15 June 2018, 08:00 am CEST.

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PRESS ANNOUNCEMENT

Final offer price for Arion Bank set at ISK 75 per ordinary share / SEK 6.11 per Swedish Depository Receipt

Reykjavik, 15 June 2018

- Total offer volume amounts to ISK 39,028 million / SEK 3,180 million (c. \$369 million)
- Market capitalisation of approximately ISK 135,750 million / SEK 11,061 million (c. \$1,285 million)
- Free-float expected to be approximately 30.9%
- First day of trading June 15

Höskuldur H. Ólafsson, CEO of Arion Bank, said: "We are pleased and proud to see the high level of interest shown in Arion Bank during the listing process, both from the general public and institutional investors in Iceland and in the US, UK, Scandinavia and the rest of Europe. This is a positive endorsement of the bank's progress and position, as well as that of the Icelandic economy as a whole. We are equally pleased to have now reached this milestone in our history by listing the bank in Reykjavik and Stockholm."

The Selling Shareholders have set the final price for ordinary shares and for Swedish depository receipts ("SDRs") offered in the Arion Bank Initial Public Offering at ISK 75 per ordinary shares on Nasdaq Iceland and SEK 6.11 per SDR on Nasdaq Stockholm. Arion Bank's ordinary shares and SDRs are expected to be trading on Nasdaq Iceland and Nasdaq Stockholm under the ticker symbol ARION IR and ARION SDB and ISINs IS0000028157 and SE0010413567 respectively, from 15 June 2018 at 9:30 Icelandic time (GMT) / 11:30 (CEST).

A total of 452,500,000 ordinary shares currently owned by the Selling Shareholders will be placed in the initial public offering. Additionally, up to 67,875,000 ordinary shares have been made available from the holdings of the Selling Shareholder to cover potential over-allotments (the "Over-Allotment Securities"). Assuming the placement of all Over-Allotment Securities, the total offer volume amounts to ISK 39,028,125,000 / SEK 3,179,999,000. Arion Bank's total market capitalization will amount to ISK 135,750,000,000 / SEK 11,060,865,314 and a free float of c.30.9% of Arion Bank's outstanding share capital.

The offer was multiple times oversubscribed at the final deal price. The offering saw strong interest of both retail and institutional investors. The shares were sold to retail investors in Iceland and Sweden as well as institutional investors in Iceland, Europe and the United States.

Arion Bank Investment Banking, Carnegie, Citigroup and Morgan Stanley are acting as Joint Global Coordinators, Deutsche Bank and Goldman Sachs International as Joint Bookrunners and Fossar, Islandsbanki, Landsbankinn and Svenska Handelsbanken, as Co-Lead Managers in the IPO.

About Arion Bank

Arion Bank is a leading, privately owned universal relationship bank in Iceland with a differentiated and innovative approach. Arion Bank has established itself as a broad and well-balanced bank that provides products and services which meet the needs of Icelandic households and companies. To ensure it is well-balanced and diversified in its product and services offering and expertise, Arion Bank has organised itself across four dedicated divisions, Retail Banking, Corporate Banking, Investment Banking and Asset Management. Arion Bank furthermore operates strategic subsidiaries that add valuable products and services to the business, such as payment processing, fund management and insurance. Arion Bank's diversified and balanced approach to its business also means that it has a broad revenue base and a balanced and diverse loan portfolio with moderate risk profile serving individuals and companies. As a result, Arion Bank enjoys a strong position within domestic financial

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markets in terms of its return on equity, operational efficiency and product and services offering. Further information can be found on the Company's website: www.arionbanki.is/english

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Íslensk þýðing:

Lokaverð í frumútboði Arion banka: 75 krónur á hlut / 6,11 sænskar krónur á SDR

- Í frumútboðinu voru seldir hlutir fyrir alls kr. 39.028 milljónir / 3.180 milljónir sænskra króna (u.þ.b. 369 milljónir bandaríkjadala)
- Markaðsvirði u.þ.b. kr 135.750 milljónir / 11.061 milljónir sænskra króna (u.þ.b. 1.285 milljónir bandaríkjadala)
- Frjálst flot verður væntanlega u.þ.b. 30,9%
- Fyrsti viðskiptadagur 15. júní

Höskuldur H. Ólafsson, bankastjóri Arion banka: „Við erum ánægð og stolt af þeim áhuga sem bankanum var sýndur í skráningarferlinu, bæði frá almenningi og stofnanafjárfestum á Íslandi og í Bandaríkjunum, Bretlandi, á Norðurlöndum og víðar í Evrópu. Þetta er viðurkenning á þeim góða árangri sem bankinn hefur náð og sterki stöðu hans og íslensks efnahagslífs. Við erum ekki síður ánægð með þau tímamót sem felast í skráningu bankans í kauphöll í Reykjavík og Stokkhólmi.“

Seljendur í útboðinu hafa ákveðið að verð fyrir þá hluti sem seldir voru í frumútboðinu sé kr. 75 á hlut hjá Nasdaq Iceland og 6,11 sænskar krónur fyrir SDR hjá Nasdaq Stockholm. Gert er ráð fyrir því að frá 15. júní, klukkan 9:30 að íslenskum tíma (GMT) og 11:30 að sænskum tíma (CEST), fari viðskipti með hlutabréf bankans fram undir auðkenninu ARION IR og ISIN IS0000028157 hjá Nasdaq Iceland og með SDR hjá Nasdaq Stockholm undir auðkenninu ARION SDR og SE0010413567.

Alls verða 452.500.000 hlutabréf seljenda seld í frumútboðinu. Að auki verða allt að 67.875.000 hlutabréf í eigu seljenda gerð aðgengileg til að mæta mögulegri umframeftirspurn. Að því gefnu að síðarnefndu hlutabréfin verði einnig seld þá verða alls seld hlutabréf í Arion banka í frumútboðinu fyrir kr. 39.028.125.000 / 3.179.999.000 sænskar krónur. Markaðsvirði Arion banka nemur þá kr. 135.750.000.000 / 11.060.865.314 sænskar krónur og frjálst flot verður á u.þ.b. 30,9% af útgefnu hlutafé Arion banka.

Margföld umframeftirspurn var í útboðinu á því verði sem viðskipti fór fram. Mikill áhugi var bæði frá almennum fjárfestum og fagfjárfestum. Hlutabréf í bankanum voru seld til almennra fjárfesta í Íslandi og Svíþjóð sem og fagfjárfestum frá Íslandi, Bandaríkjunum og Evrópu.

Umsjónaraðilar útboðsins eru fjárfestingarbankasvið Arion banka hf., Carnegie, Citigroup, Morgan Stanley, Deutsche Bank, Goldman Sachs International, Fossar, Íslandsbanki, Landsbankinn og Svenska Handelsbanken.

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 gildir enski textinn.

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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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unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those described in such statements due to, among other things, changes in the general economic and competitive environment, risks associated with capital markets, currency exchange rate fluctuations and competition from other companies, changes in international and national laws and regulations, in particular with respect to tax laws and regulations, affecting Arion Bank and other factors. Arion Bank does not assume any obligations to update any forward-looking statements.

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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.