



Results of the 2021 Annual General Meeting of Arion Bank

The Annual General Meeting of Arion Bank hf. was held fully virtual on 16 March 2021 at 16:00 Icelandic time.

Below are the results of the meeting:

- 1. The report of the Board of Directors on the Bank's operations during the last financial year was presented by Brynjólfur Bjarnason, Chairman**
- 2. The Bank's annual financial statements were approved**
- 3. Dividend payment was approved**

It was approved that a dividend of approximately ISK 2,990,000,000.00 will be paid to the Bank's shareholders. The dividend will be equal to ISK 1.74 per share. The Bank's shares traded on and after 17 March 2021 (Ex-date) will be ex-dividend. The right to a dividend will be paid to shareholders registered in the Bank's shareholders registry at the end of 18 March 2021 (Record date). The payment date of the dividend will be 24 March 2021.

- 4. Election of the Bank's Board of Directors**

Election of members of the Bank's Board of Directors and Alternate Directors took place at the meeting. The results were in line with the Bank's Nomination Committee proposal. Furthermore, Brynjólfur Bjarnason was re-elected as Chairman and Paul Horner was elected as Vice Chairman.

The Board of Directors is now represented by the following 5 Board members:

- Brynjólfur Bjarnason (Chairman)
- Liv Fiksdahl
- Gunnar Sturluson
- Paul Horner (Vice Chairman)
- Steinunn Kristín Þórðardóttir

The Board of Directors is now presented by the following 5 Board members:

- Sigurbjörg Ásta Jónsdóttir
- Þröstur Ríkharðsson

- 5. It was approved that Deloitte ehf., will continue to act as the Bank's external auditors**

Deloitte ehf. was elected to continue to act as the Bank's external auditors until the next AGM. The Lead Audit Partner is Páll Grétar Steingrímsson. This proposal is based on an agreement between Arion Bank and Deloitte from August 2019 and Article 90 of Act no. 161/2002, on Financial Undertakings.

- 6. The Board's amendment proposal to a proposal by the Pension Fund of Commerce on remuneration to the Board of Directors and compensation to members of the Board's sub-committees was approved**

The Board's amended proposal to a proposal by the Pension Fund of Commerce was approved and the remuneration to the Board of Directors and compensation to members of the Board's sub-committees will be as follows:

"The monthly salary of Board members be ISK 490,900, the monthly salary of the Vice-Chairman be ISK 736,200 and the monthly salary of the Chairman be ISK 981,400. Board members residing outside of Iceland will receive ISK 300,000 for each Board meeting they attend in person.



Translation from Icelandic

In addition, it will be permitted to pay those Board members who serve on the Board's sub-committees a maximum of ISK 196,300 a month for each committee and the chairmen of Board sub-committees ISK 255,000 a month. Alternate Directors shall be paid ISK 248,600 for each meeting attended, up to a maximum of ISK 490,900 a month in the case of more than one meeting a month.

For Board members residing outside of Iceland, these figures shall be paid in the equivalent amount in their respective currency, fixed at the average three-year official exchange rate prior to the date of the 2021 AGM."

7. Decision on remuneration to members of the Bank's Nomination Committee was approved

It was approved that remuneration to members of the Bank's Nomination Committee remain unchanged.

8. Appointment of two members of the Bank's Nomination Committee

Prior to the meeting, candidacies to the Bank's Nomination Committee were received from Júlíusi Þorfinnssyni og Vitaliy Ardislamov and therefore, they were chosen without election

9. Proposal from the Board of Directors concerning the Bank's Remuneration Policy was approved

The Bank's Remuneration Policy, as presented to the meeting, was approved.

10. Proposal to authorise the Board of Directors to approve an amendment to the share option plan was approved

The Annual General Meeting approved to authorise the Board of Directors to amend the previously established share option plan based on Article 10 of Act. no. 90/2003 on Income Tax, so that the Company can conclude share option agreements with the Bank's permanent employees for shares in the Bank for up to ISK 1,500,000 per year, instead of the current annual maximum purchase price of ISK 600,000.

11. Proposal to reduce share capital by cancelling the Bank's own shares and a corresponding amendment to the Articles of Association was approved

The Board of Directors proposed an amended proposal to the meeting that instead of the originally proposed 30.000.000 shares, shares of nominal value 70.000.000 should be cancelled.

The Annual General Meeting approved to reduce share capital from ISK 1,730,000,000 to ISK 1,660,000,000 nominal value by cancelling 70,000,000 own shares. The reduction will be executed by cancelling the Bank's own shares amounting to the above-mentioned amount provided that all applicable legal conditions are met.

12. Proposal to renew the authorisation to purchase own shares and a corresponding amendment to the Articles of Association was approved

The Annual General Meeting approved to renew the Board of Director's authorisation, based on Article 55 of the Company Act no. 2/1995, to acquire on behalf of the Bank up to 10% of issued share capital of the Bank. The authorisation 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, e.g. through auction, provided equal treatment of shareholders is ensured should such offer be made. The repurchase of shares under this authorisation is conditional upon the prior approval of the Financial Supervisory Authority of the Central Bank of Iceland in accordance with paragraph 3 (a) of Article 84 of the Act on Financial Undertakings no 161/2002.

This authorisation shall remain in effect until the Bank's Annual General Meeting in 2022 or 15 September 2022, whichever occurs first. Older authorisations to purchase own shares are cancelled with the approval of this authorisation.



Translation from Icelandic

13. Authorisation of issuance of Additional Tier 1 notes and a corresponding amendment to the Articles of Association was approved

The Annual General Meeting approved the proposal. Accordingly, Articles 4.8 and 4.9 will read as follows:

“With reference to a Shareholders Resolution dated 20 March 2019 (the “Shareholders Resolution”), on 26 February 2020, convertible notes (the “Notes”) that meet the additional tier 1 requirements according to article 84 b of the Act on Financial Undertakings, no. 161/2002, in the total initial amount of USD 100,000,000 were issued and listed on the Luxembourg Stock Exchange. The Notes are perpetual, subordinated convertible notes and are issued under the €3,000,000,000 Euro Medium Term Note Programme of the Company. The Board of Directors is authorised to issue new shares in the Company in order to fulfil the Company’s obligations under the Notes. The amount of the Notes and conditions for conversion is set so that the total number of shares which may be issued upon conversion of the Notes (the “Conversion Shares”), by virtue of this authorisation, may not exceed 211,416,490 shares. The maximum number of Conversion Shares which may be issued upon conversion of the Notes may be increased pursuant to the terms and conditions of the Notes, including in the event of any discounted share issue, bonus issue, discounted rights issue, any other issue of securities to shareholders as a class or issue of other convertible securities, conversion of convertibles other than the Notes, share split, mergers, acquisitions, dividend distributions or similar corporate events (including the Company’s dissolution by way of merger or division). The Notes are convertible into Conversion Shares in accordance with the terms and conditions of the Notes if a Conversion Trigger Event (as defined in the terms and conditions of the Notes) occurs at any time while they are outstanding. The Conversion Shares shall upon conversion be deemed as fully paid and have the same rights and obligations as other shares in the Company in accordance with these Articles of Association. With reference to the Shareholders Resolution, the shareholders of the Company have waived any preferential rights with respect to subscription of the Conversion Shares.

By a shareholders resolution of the Annual General meeting of the Company on 16 March 2021, the Board of Directors is authorised, for the period until the annual general meeting in 2025, on one or several occasions, with deviation from any shareholders preferential rights, to issue convertible notes for the maximum amount of ISK 20,000,000,000 or equivalent amount in other currencies (the “New Notes”) that meet Additional Tier 1 requirements according to Article 84 b of the Act on Financial Undertakings, No. 161/2002. The New Notes shall be perpetual (without a maturity date), subordinated and convertible into shares in the Company. Final loan amounts and conditions for conversion shall be set so that the total number of shares which may be issued upon conversion of the New Notes (the “New Conversion Shares”), by virtue of this authorisation, may not exceed 600,000,000 shares. The maximum number of New Conversion Shares which may be issued upon conversion may however be increased pursuant to the terms and conditions of the New Notes e.g. in the event of any discounted share issue, bonus issue, discounted rights issue, any other issue of securities to shareholders as a class or issue of other convertible securities, conversion of convertibles other than the New Notes, share split, mergers, acquisitions, cash or non-cash dividend or similar corporate events (including the Company’s dissolution by way of merger or division). The New Notes shall be convertible into Conversion Shares in accordance with the terms and conditions of the New Notes. The New Notes will not be convertible at the option of the holders. The New Conversion Shares shall upon conversion be deemed as fully paid and have the same rights and obligations as other shares in the Company in accordance with these Articles of Association. By the shareholders resolution, the shareholders of the Company waive any preferential rights with respect to subscription of the New Conversion Shares. The Board of Directors shall resolve on all other terms and conditions for issuance according to this authorisation.”



Translation from Icelandic

14. Proposal to amend the Bank's Articles of Association was approved

The Annual General Meeting approved new Articles of Association for the company. The new Articles of Association simplify the Articles of Association, make structural changes and improve internal coherence. The amendments represent only minimal material changes.