



Results of the 2020 Annual General Meeting of Arion Bank hf. and correction of voting results

The Annual General Meeting of Arion Bank 2020 was held at the Bank's headquarters at Borgartún 19, 105 Reykjavík, on 17 March 2020 at 16:00. Electronic voting was used at the meeting for the first time.

When the results of the voting were examined at the end of the meeting it emerged that not all shareholders' votes had been counted in respect of certain items on the agenda. Due to human error, votes cast in a different system were not properly transmitted to the main voting system. In the case of the proposal under item 14 (Authorization to issue warrants and corresponding amendment to the Articles of Association) this error meant that the incorrect result of voting on the proposal was announced at the meeting. It was incorrectly stated that the proposal had been rejected when in actual fact it was accepted with 80.8% of votes cast. The aforementioned error did not have any effect on the results of voting on other items on the agenda. The minutes of the AGM will be amended accordingly. Detailed results of the AGM will be published on the Bank's website within 15 days.

Below are the results of the meeting:

- 1. The report of the Board of Directors on the Bank's operations, activities and financial situation during the last financial year was presented by Brynjólfur Bjarnason, Chairman**
- 2. The Bank's annual financial statements were approved**
- 3. A proposal on a dividend payment was postponed**

Before the AGM Arion Bank received written requests from shareholders controlling more than one third of the share capital of Arion Bank to postpone a decision at the AGM on dividend for two months. The requests were made on the basis of Article 84 (3) of the Public Limited Companies Act No. 2/1995. The request is in line with the suggestion of the Central Bank of Iceland that financial institutions reconsider their proposals on dividend in light of the economic uncertainty due to COVID-19.

4. Election of the Bank's Board of Directors

The meeting approved the proposal from the Nomination Committee regarding the following candidates to be elected to the Board of Directors and the Alternate Board. Brynjólfur Bjarnason will be Chairman and Herdís Dröfn Fjeldsted Vice Chairman.

The Board of Directors is now presented by the following 7 candidates:

- Brynjólfur Bjarnason (Chairman)
- Herdís Dröfn Fjeldsted (Vice Chairman)
- Gunnar Sturluson
- Liv Fiksdahl
- Paul Richard Horner
- Renier Lemmens
- Steinunn Kristín Þórðardóttir

and the Alternates are:

- Ólafur Örn Svansson
- 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. 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. A proposal on remuneration to the Board of Directors and compensation to members of the Board's sub-committees was approved**
It was approved that 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. The salary of Alternate members will be ISK 248,600 for each meeting attended, up to maximum of ISK 490,900 in the case of more than one meeting a month. In the case of foreign Board members, the aforementioned figures shall be doubled. Board members residing in Iceland shall enjoy private pension rights (Ice. séreignarsparnaður) in accordance with the Confederation of Icelandic Bank and Finance Employees labour agreement. In addition, it will be permitted to pay those Board members who serve on Board committees of the company a maximum of ISK 196,300 a month for serving on each committee, and the chairmen of Board committees ISK 255,000 a month.
- 7. A proposal on remuneration to the members of the Nomination Committee was approved**
Members of the Nomination Committee, including the chairman of the Committee, will receive ISK 154,500 for each Committee meeting attended, up to maximum of ISK 154,500 per month in case of more than one meeting a month and maximum of ISK 927,000 per calendar year.
- 8. Share option plan**
The AGM authorized the Board of Directors to implement a share option plan for the Bank's employees on the purchase of shares in the Bank, limited to ISK 600,000 market value purchase price per annum every year for the next five years. The option plan will be enacted on the basis of 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 was approved**
The meeting approved the Bank's Remuneration Policy as it was presented to the meeting. The full Remuneration Policy is attached.
- 10. Rules of Procedure for the Nomination Committee**
It was approved to change the Rules of Procedure for the Nomination Committee, as proposed by the Nomination Committee. The Rules of Procedure are attached.
- 11. Two members of the Bank's Nomination Committee were elected**
There were two candidates and they were automatically elected without voting taking place:

 - Júlíus Þorfinnsson
 - Sam Taylor
- 12. Proposal to reduce share capital by cancelling the Bank's own shares and a corresponding amendment to the Articles of Association was approved**
The Meeting resolved to cancel 84,000,000 shares amounting to ISK 84,000,000 of the Bank's share capital, reducing it from ISK 1,814,000,000 to ISK 1,730,000,000 at nominal value. 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.

13. Renewal of an authorization to purchase own shares and a corresponding amendment to the Articles of Association was approved

The meeting renewed the authorization to the Board of Directors, 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 in the Bank. The authorization shall be used for setting up 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 authorization is conditional upon the prior approval of the Financial Supervisory Authority in accordance with paragraph 3 (a) of Article 84 of the Act on Financial Undertakings no 161/2002.

In order to achieve the objective of implementing a formal share repurchase program the Board is authorized to repurchase shares in the Bank up to the authorized ratio of issued share capital, which is 10%. The highest permitted price for each share shall be the latest independent trade or the highest independent bid, whichever is higher. The Bank's transactions with its own shares under a repurchase programme shall be published in accordance with laws and regulations

This authorization shall remain in effect until the Bank's Annual General Meeting in 2021 or 15 September 2021, whichever occurs first. Older authorizations to purchase own shares are cancelled by accepting this authorization.

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

The Board of Directors of the Company was authorized, until the Company's Annual General Meeting in 2022, to issue warrants for up to 54,000,000 new shares in the Company. The Board of Directors is furthermore authorized for five years, until 17 March 2025, to increase the Company's share capital in relation to the exercise of the warrants. To whom the warrants are offered shall be at the discretion of the Board of Directors. Neither shareholders, nor others, shall enjoy priority rights to the warrants nor shares issued in relation to their exercise. The Board of Directors determines the final price of the warrants on the basis of a book-building process in a private placement and other terms and conditions of the warrants.

15. Amendment to the Bank's Articles of Association was approved

It was approved 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, be limited to the Annual General Meeting.

16. Other business

Brynjólfur Bjarnason, newly elected Chairman of the Board, on behalf of the newly elected Board of Directors thanked the meeting for the trust shown to them.



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