



Minutes of the Extended Annual General Meeting of Arion Bank hf.

The Annual General Meeting (AGM) of Arion Bank for 2019 was continued at an Extended AGM, held at the Bank's headquarters at Borgartún 19, Reykjavík on Tuesday 14 May 2020, commencing at 4:00 p.m.

1. Opening of the meeting

Brynjólfur Bjarnason, Chairman of the Board of Directors of Arion Bank, began the meeting by welcoming those present and announced that the AGM which was held on 17 March 2020 would be continued at the meeting. The chairman then asked Guðbjörg Hjartardóttir, attorney, to chair the meeting again. The chair asked the secretary to the meeting, Snorri Sigurðsson, lawyer in the Legal department of Arion Bank, to begin recording the minutes.

The chair announced that 32 shareholders or their representatives were in attendance at the meeting, holding in total 996,261,078 shares with voting rights or 57.6% of share capital in Arion Bank hf. The chair specified that the estimate of attendance included those shareholders who had cast votes electronically remotely and the holders of Swedish SDRs who had voted by proxy vote remotely.

The chair went over the meeting announcement. She stated that the meeting announcement had been given with sufficient notice pursuant to Article 88 a. of the Public Limited Companies Act and the provisions of the Bank's Articles of Association. The announcement had been published in a press release in the Nasdaq stock exchange system and on the Bank's website on 17 April 2020. The meeting announcement had also been published in a daily newspaper on 18 April 2020. The proposals to be discussed the meeting, and the notes to the proposals, had been published on the Bank's website and in a press release in the Nasdaq system, and had also been made available to shareholders at the Bank's headquarters.

No objections were raised and the chair declared the meeting to be properly constituted.

The chair specified that the meeting was a continuation of the Bank's AGM for 2019 and that the purpose of the Extended AGM was to vote on the Board of Directors' proposal on the decision to pay a dividend, which was postponed at the Bank's AGM on 17 March, cf. Article 84 (3) of the Public Limited Companies Act.

The chair said that following the deferral of the AGM it had emerged that as a result of human error some of the votes cast at the meeting had not been counted. The results of the AGM had therefore been corrected. The correction did not result in any changes to the results of the voting at the meeting, with the exception of agenda item 14 on the authorization to issue warrants and a corresponding amendment to the Articles of Association. At the meeting it was announced that this proposal had been rejected whereas in fact it was approved with more than 80% of votes. The minutes of the meeting were updated accordingly and the corrected results were announced.

The chair briefly discussed the format of the meeting, that it was being held entirely electronically and voting at the meeting was being conducted using the electronic voting system Lumi AGM. The chair said that according to the information she had on the system, it met the requirements of the Public Limited Companies Act on electronic voting at shareholders' meeting, particularly Articles 80 a., provided that the system guaranteed the rights of shareholders to attend a shareholders' meeting, speak at the meeting and cast votes, and the equipment enables the company to confirm which shareholders attend the meeting and what their voting rights are, and the system also keeps a record of the result of voting.



The following agenda and proposals were presented to the meeting:

- 1. A decision on payment of a dividend**
- 2. Other business**

The meeting then turned to the agenda:

- 1. A decision on payment of a dividend**

The chair pointed out that the item had originally been on the agenda of the Bank's AGM on 17 March, but discussion of the item had been postponed on the basis of Article 84 (3) of the Public Limited Companies Act.

The chair also noted that the original proposal of the Board of Directors was that a dividend of approximately ISK 10 billion be paid. This proposal had, however, been withdrawn and the following proposal was submitted to the Extended AGM.

The Board's proposal was as follows:

It is proposed that no dividend be paid for the fiscal year 2019 and that net earnings for 2019 be added to the Bank's equity.

The chair said that the Board's explanatory note on the proposal pointed to the state of uncertainty caused by the Covid-19 pandemic. The Central Bank of Iceland and the government had therefore urged companies to review any proposals to pay a dividend. The explanatory note also stated that the Board of Directors did not expect any dividend payments to be made while the effects of Covid-19 were being felt in order to ensure that the Bank's capital remains as strong as possible and to increase its capacity to grant loans.

The chair gave the shareholders the opportunity to discuss this request. No one wished to comment.

The proposal was then put to the vote. The proposal was approved with 99.54% of votes.

- 2. Other business**

The chair asked whether the Board of Directors or the shareholders wished to raise any further items of business.

Gildi pension fund requested that the following text be read out by the chair and that it be recorded in the minutes of the meeting.

On 4 May 2020 Gildi sent a letter to the Board of Directors of Arion Bank in which it requested that the Board's authorization to issue warrants be added to the agenda of the shareholders' meeting and that a vote be held on the Board's authorization to issue warrants and a corresponding amendment to the Articles of Association, cf. item 14 on the agenda of the AGM. It had been announced at the company's AGM on 17 March that the Board's proposal had been rejected but that this result had been changed following the meeting on account of a mistake which was explained in greater detail in the minutes to the meeting. The fund therefore considered it appropriate that the vote be repeated at the Extended AGM in order to eliminate any doubt about the result.

On 11 May Gildi received a letter from the Board of Directors of Arion Bank which stated that the Board was of the opinion that there was no doubt about the result of the AGM and that the issue would not be included in the agenda of the Extended AGM. This position, to refuse to add this item of business to the agenda of the meeting and not to inform the other shareholders of the matter, has no basis in Article 86 of the Public Limited Companies Act No. 2/1995. The Board was obliged to add this item of business to the agenda so that the shareholders' meeting could take a position on the proposal, irrespective of the outcome. The Board's position on specific items of business must not determine what matters can be discussed by shareholders since there are no restrictions on the right of shareholders to add items of business to the agenda. The fund reserves the right to resort to appropriate measures in respect of the above, which may include demanding that a new shareholders' meeting be called where this item of business will be put on the agenda.



It is a cause of concern that approval for this authorization was requested at the company's AGM. In the opinion of Gildi, authorization of this kind chiefly represents an opportunity to establish the equivalent of a generous share option scheme for employees which treads the boundaries of the laws and regulations applicable to restrictions on performance-related payments to employees of financial institutions.

The chair gave the shareholders the opportunity to discuss this matter. No one wished to comment.

No other items of business were raised.

Finally, the meeting was asked to approve that the secretary and chair of the meeting complete the minutes. It was agreed that the minutes would not be read out aloud at the end of the meeting in accordance with Article 90 (5) of the Public Limited Companies Act No. 2/1995, but instead by the meeting secretary for those who wished.

The meeting was adjourned at 4:17 p.m.

Snorri Sigurðsson, lawyer

Secretary

Guðbjörg Helga Hjartardóttir, attorney

Chair