



Proposal to the Extended Annual General Meeting of Arion Bank hf. to be held 14 May 2020

The Extended Annual General Meeting “**Extended AGM**” of Arion Bank hf. will be held by electronic means on 14 May 2020 at 16:00 Icelandic time. On the day of the announcement of the Extended AGM there are 1,718,181,841 outstanding shares in the Bank with voting rights.

Agenda:

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

Proposal of the Board of Directors

1. Item no. 1, a decision on payment of a dividend

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.

Explanatory note:

This proposal is made in light of the uncertainty resulting from the COVID-19 pandemic. The Central Bank of Iceland and the Government have encouraged companies to review planned payments of a dividend while a decision on payment of a dividend at the Annual General Meeting on 17 March was postponed, at the request of shareholders. Arion Bank practices social responsibility and on that basis, the Board of Directors has withdrawn its previous proposal on the payment of dividends and now proposes that no dividend be paid for the year 2019.

Furthermore, during the period of the COVID-19 impact, Arion Bank will not accrue dividends in order to maintain maximum capital preservations and increase lending capacities. Arion Bank’s capital position remains singularly strong with a pro forma (post issuance of AT1) capital ratio of 27.8% and leverage ratio of 16.3%, well above minimum requirements.