



Meeting announcement Annual General Meeting – Arion Bank hf.

The Annual General Meeting of Arion bank hf., Id. No. 581008-0150, will be held at the Bank's head office at Borgartún 19, 105 Reykjavík, on 20 March 2019 at 16:00. The meeting will be conducted in Icelandic, apart from the Chairman's speech, but translation services into English will be available.

The meeting's agenda is as follows:

1. **The Report of the Board of Directors on the Bank's operations, activities and financial situation during the last financial year**
2. **Approval of the Bank's annual financial statements**
3. **A decision on payment of a dividend**
4. **Election of the Bank's Board of Directors**
5. **Election of an auditing firm**
6. **A decision on remuneration to the Board of Directors and compensation to members of the Board's sub-committees**
7. **A proposal from the Board of Directors concerning the Bank's remuneration policy**
8. **Appointment of two members of the Bank's Nomination Committee**
9. **A decision on remuneration to the members of the Nomination Committee**
10. **Proposal to reduce share capital by cancelling the Bank's own shares and a corresponding amendment to the Articles of Association**
 - a. According to the proposal the Bank's share capital will be reduced by a nominal value of ISK 186,000,000, i.e. from a nominal value of ISK 2,000,000,000 to ISK 1,814,000,000.
 - b. The proposal entails a change to Article 4.1 of the Articles of Association, which will read as follows: "The Company's share capital is ISK 1,814,000,000 – one billion eight hundred fourteen million Icelandic kronur."
11. **Authorisation to purchase own shares and a corresponding amendment to the Articles of Association**

If the proposal will be approved, a new annex will be added to the Bank's Articles of Association, which will contain a temporary authorisation to the Board of Directors to purchase up to 10% of the Bank's share capital. The authorisation shall be used for setting up a formal share repurchase program or for the purpose of offering shareholders generally to sell their shares to the Bank. The repurchase of shares is subject to prior approval by the Financial Supervisory Authority.



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

If the proposal will be approved, the following changes will be made to the Bank's Articles of Association. The current Article 4.8 of the Articles of Association will be erased. Instead, a new provision will be added to the Articles of Association, which contains a temporary authorisation to issue convertible notes for the maximum amount of ISK 20,000,000,000 or equivalent amount in other currencies that meet Additional Tier 1 requirements, which shall mandatorily convert into shares under the conditions stated in the terms and conditions of the Additional Tier 1 notes but not be convertible at the option of the holders. According to the proposal, shareholders of the Bank waive any preferential rights.

13. Amendment to the Bank's Articles of Association

It is proposed that an amendment will be made to item vi) of Article 3.2 of the Bank's Articles of Association, so that the reference to the coming operating year will be removed. If the proposal will be approved, item vi) will read as follows: "vi) a decision on the remuneration to the Board of Directors and compensation to members of the Board's sub-committees;"

14. Other business

Explanatory notes to agenda items No 4 and 8:

Election of the Bank's Board of Directors

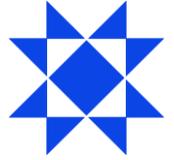
In accordance with the Bank's Articles of Association the Bank's Board of Directors shall be elected in an Annual General Meeting of the Bank for a one year term. Individuals who intend to stand for election as a member of the Board of Directors must give notice of their candidacy in writing to the Board of Directors no later than five days prior to the commencement of the Annual General meeting, in accordance with the Articles of Association of the Bank. Notifications must be sent to shareholders@arionbanki.is by 16:00 Icelandic time on 15 March 2019.

The Nomination Committee will propose to the shareholders candidates to serve on the Board of Directors based on shareholders' proposals and submission of candidacy and publish its proposal along with other declarations of candidacy on the Bank's website www.arionbanki.is/gm no later than two days before the Annual General meeting. From the same time they will be made available at the Bank's headquarters.

The election of two members to serve on the Nomination Committee:

In accordance with the Bank's Articles of Association and the Rules of Procedure for the Nomination Committee, the Annual General Meeting shall vote two of the three members of the Nomination Committee. The third member of the Nomination Committee shall be the chairman of the Board of Directors or another member of the Board of Directors appointed by the Board.

The individuals who intend to stand for election as members of the Nomination Committee must give notice of their candidacy in writing no later than five days prior to the commencement of the Annual



General meeting. Notifications must be sent to shareholders@arionbanki.is by 16:00 Icelandic time on 15 March 2019. The applicable arrangement for voting of Board members in the Articles of Association shall apply to the voting of Committee Members. Notifications from candidates will be published on the Bank's website www.arionbanki.is/gm no later than two days before the Annual General meeting and will be made available at the Bank's headquarters from the same time.

General Information:

The final agenda, meeting announcement, the financial statement for the year 2018, proposals and other documents for the Annual General meeting can be found on the Bank's website, www.arionbanki.is/gm, no later than 27 February 2019 and will be accessible at the Bank's headquarters from the same time. An English translation of the meeting material will be accessible to shareholders at the Bank's headquarters as well as on the Bank's website www.arionbanki.is/gm. Should there be discrepancy between the English and the Icelandic version, the latter prevails.

Each shareholder is entitled to have a specific matter dealt with at the meeting if he so requests in writing or by electronic means no later than ten days prior to the Annual General meeting, i.e. no later than 16:00 Icelandic time, 10 March 2019. A rationale or a draft resolution shall be enclosed with such a request. The request shall be sent to the Board of Directors by an email to shareholders@arionbanki.is.

Each share of the Bank carries one vote except treasury shares. Notice is also drawn to a restriction of voting rights of certain shareholders of the Bank according to FME's decisions dated 22 September 2017, see also communication by Arion Bank on the issue on 22 June 2018 on Nasdaq Iceland and Nasdaq Stockholm.

Shareholders who do not intend to attend the Annual General meeting in person can vote on items on the agenda electronically. More detailed information on the electronic voting can be found on the Bank's website www.arionbanki.is/gm. Special attention is drawn to the fact that it may take up to five working days to receive a password so shareholders are urged to apply for a password in a timely manner.

Shareholders may authorize a representative to attend the Annual General meeting on their behalf and vote on their behalf. The representative shall submit a written or electronic dated power of attorney at the beginning of the meeting. The power of attorney shall be valid only for attendance at one shareholders' meeting unless otherwise clearly stated in the contents of the power of attorney but can in any case never be valid for more than one year. The required form of a power of attorney will be available on the Bank's website. To facilitate admission powers of attorney can be submitted to the Bank before the meeting at shareholders@arionbanki.is.

Shareholders or the representatives of shareholders are asked to present themselves when arriving to the meeting (please bring ID). Registration and distribution of ballots will commence at the meeting venue from kl. 15:30 on the meeting day.



Notice to holders of Swedish Depository Receipts (“SDRs”):

Holders of SDRs who wish to attend or vote by proxy at the Annual General Meeting must:

- I. be registered in the register kept by Euroclear Sweden AB (“Euroclear”) by 5:00 p.m. (CET) on 15 March 2019;
- II. notify Skandinaviska Enskilda Banken AB (publ) (“SEB”) of their intention to attend the Annual General meeting no later than 12:00 noon (CET) on 15 March 2019; or
- III. send an original signed proxy form to SEB so as to arrive at SEB no later than 12:00 noon (CET) on 15 March 2019.

Please note that requirement I. above must be fulfilled when the SDR holder chooses to attend the Annual General Meeting as well as when the SDR holder chooses to vote by using the proxy form.

Requirement I: SDRs are only registered in the name of the SDR holder in the register kept by Euroclear. SDR holders registered in the name of a nominee must have their SDRs registered in their own names in the register at Euroclear to be entitled to attend and/or vote (by an authorized attorney or in person or by proxy form) at the Annual General Meeting. SDR holders who hold the SDRs through a nominee must therefore request their nominee to make a temporary owner registration (so-called voting-right registration) in good time before the voting record date 15 March 2019 if they wish to attend and/or vote.

Requirement II: SDR holders who are directly registered in the register at Euroclear, or whose SDRs have been voting-right registered by 5:00 p.m. (CET) on 15 March 2019 and who wish to attend (by an authorized attorney or in person) at the Annual General Meeting must notify SEB of their intention to attend the Annual General Meeting no later than 15 March 2019 at 12:00 noon (CET).

Notice of the intention to attend the Annual General Meeting should be made to SEB, by mailing the notification of attendance form to the address; SEB, Issuer Agent, AB3, SE-106 40 Stockholm, by e-mailing iadarion@seb.se, by phone +46-8-763 55 60 or by faxing +46-8-763 62 50. Please state your name, phone number, personal number and quantity.

Requirement III: SDR holders, who wish to instruct SEB to vote by proxy form, must send their original signed proxy forms by post so as to arrive at SEB, Issuer Agent, AB3, SE-106 40 Stockholm, delivery address for courier deliveries (e.g. DHL Express): Råsta Strandväg 5 169 79 Solna, no later than 12:00 noon (CET) on 15 March 2019. Proxy forms will be available on the Bank’s website www.arionbanki.is/gm.

Temporarily restriction on transferring SDRs to shares

During the period from end of business on 13 March 2019 up to and including 22 March 2019 a conversion to or from SDRs and shares in Arion Bank hf. will not be permitted.

Translation from Icelandic



More detailed information regarding the meeting is available on the Bank's website www.arionbanki.is/gm.

Reykjavík, 26 February 2019
Board of Directors of Arion Bank hf.