



Minutes of the Annual General Meeting of Arion Bank hf.

The annual general meeting of Arion Bank was held electronically on Wednesday 16 March 2022 at 4:00 p.m.

Opening the meeting

Brynjólfur Bjarnason, Chairman of the Board of Directors of Arion Bank, began the meeting by welcoming those present and calling the meeting to order. The chairman then proposed that Guðbjörg Hjartardóttir, attorney, be elected as chair of the meeting and no objections were raised. Guðbjörg then took over the duties of chairing the meeting.

The chair proposed that Ólafur Hrafn Kjartansson, lawyer in the legal department of Arion Bank, be elected as secretary to the meeting and no objections were raised. The secretary took over the duties of recording the minutes.

The chair went over the summons to the meeting. She stated that the summons to the meeting 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 summons to the meeting had been published in an announcement in the Nasdaq stock exchange system and on the Bank's website on 21 February 2022. The summons to the meeting had also been published in a daily newspaper in Iceland on 22 February 2022 and in Sweden on 23 February 2022. The proposals to be discussed the meeting, and the notes to the proposals, had been published on the Bank's website and in an announcement in the Nasdaq system, and had also been made available to shareholders at the Bank's headquarters.

The chair declared the meeting to be properly constituted to discuss the items on the agenda.

The chair stated that the meeting was the annual general meeting for 2021.

The chair then briefly described the voting arrangements at the meeting, that voting was to be conducted electronically and solely via the electronic voting system Lumi. It was also noted that shareholders had the option of submitting questions and comments digitally via the system.

The meeting's agenda was 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 and consolidated accounts for the last financial year**
- 3. Decision on payment of a dividend**
- 4. Election of the Bank's Board of Directors, Chairman of the Board and Vice-Chairman**
- 5. Election of an auditing firm**
- 6. Decision on remuneration to the Board of Directors and compensation to members of the Board's sub-committees**
- 7. Decision on remuneration to members of the Bank's Nomination Committee**
- 8. Election of two members of the Bank's Nomination Committee**



9. **Proposal from the Board of Directors concerning the Bank's Remuneration Policy**
10. **Proposal to authorise the Board of Directors to approve an amendment to the share option plan**
11. **Proposal to reduce share capital by cancelling the Bank's own shares and a corresponding amendment to the Articles of Association**
12. **Proposal to renew the Bank's authorisation to purchase own shares and a corresponding amendment to the Articles of Association**
13. **Other business**

The chair proposed that the items "The report of the Board of Directors", and "The approval of the annual financial statements", i.e. items 1 and 2, be discussed together after the presentation of the annual financial statements. No objections were raised. The chair also announced that the Bank's annual and sustainability report and Pillar 3 Risk Disclosures were available in digital format on the Bank's website.

1. **The Report of the Board of Directors on the Bank's operations, activities and financial situation during the last financial year**

Brynjólfur Bjarnason, Chairman of the Board of Directors of Arion Bank, presented the report of the Board of Directors on the operations, activities and financial situation of the Bank in the last financial year.

The chair announced that 112 shareholders or their representatives were in attendance at the meeting, in total representing 60,26% of share capital in Arion Bank hf.

2. **Approval of the Bank's annual financial statements and consolidated accounts for the last financial year**

Benedikt Gíslason, CEO of Arion Bank hf, presented the Bank's annual financial statements for the last financial year.

At the end of the CEO's speech the chair gave the shareholders the opportunity to comment on the Bank's annual financial statements and the report of the Board of Directors.

No questions or comments were received.

The following proposal had been presented to the meeting:

The Board of Directors of Arion Bank proposes that the Bank's annual financial statement and consolidated accounts for 2021 be adopted.

The proposal was put to the vote and approved unanimously.

3. **Decision on payment of a dividend**

The chair presented the following proposal of the Board:

The Board of Directors proposes that a dividend of ISK 15 per share will be paid to the Bank's shareholders, equal to approximately ISK 22,500,000,000.

If approved by shareholders, the Bank's shares traded on and after 17 March 2022 (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 2022 (record date).



The payment date of the dividend will be 24 March 2022.

The chair gave the shareholders the opportunity to discuss this matter. No comments or queries were received.

The proposal was put to the vote and approved unanimously.

4. Election of the Bank's Board of Directors, Chairman of the Board and Vice-Chairman

The chair said that by law and according to the Bank's Articles of Association, a board of directors must be elected at an annual general meeting. According to the Bank's Articles of Association the Board of Directors should have 5-8 members and the Alternate Board should have up to three members, and the chair informed the people attending the meeting that the Board of Directors had decided that the election would be such that the Board of Directors would have five members and the Alternate Board two members.

The chair noted that according to the Bank's Articles of Association, prospective candidates to the Board of Directors should announce their candidacies to the Board no later than five days before the annual general meeting.

The following people announced they wished to stand for election to the Board of Directors:

- Brynjólfur Bjarnason
- Gunnar Sturluson
- Liv Fiksdahl
- Paul Horner
- Steinunn Kristín Þórðardóttir

The chair said that information on candidates, which must be provided in accordance with Article 63 a. of the Public Limited Companies Act, i.e. name, information on main occupation, other board engagements, education, experience and information on common interests with the main clients and competitors of the company had been included in the Nomination Committee's proposals, which had been published on the Bank's website and the information had been made available to shareholders at the Bank's headquarters.

The chair said that the Nomination Committee had examined the nominations and, in accordance with the committee's rules, had assessed the independence of the candidates. The Nomination Committee proposed in its report, which has been published in a press release to Nasdaq and on the Bank's website, that the above candidates be elected to the Board of Directors.

The chair announced that since no other candidacies had been announced, the above people were duly elected to the Board of Directors without an election:

- Brynjólfur Bjarnason
- Gunnar Sturluson
- Liv Fiksdahl
- Paul Horner
- Steinunn Kristín Þórðardóttir

Next was the election of the Alternate Board of Directors.



The chair said that according to the Bank's Articles of Association, prospective candidates to the Alternate Board of Directors should announce their candidacies no later than five days before the annual general meeting.

The following people announced they wished to stand for election to the Alternate Board of Directors:

- Sigurbjörg Ásta Jónsdóttir
- Þröstur Ríkharðsson

The chair said that the Nomination Committee had examined the nominations and, in accordance with the committee's rules, had assessed the independence of the candidates. The Nomination Committee proposed in its report, which has been published in a press release to Nasdaq and on the Bank's website, that both the above candidates be elected to the Alternate Board of Directors of Arion Bank.

The chair announced that since no other candidacies had been announced, the above people were duly elected to the Alternate Board of Directors.

The following people now serve on the Board of Directors of Arion Bank:

- Brynjólfur Bjarnason
- Gunnar Sturluson
- Liv Fiksdahl
- Paul Horner
- Steinunn Kristín Þórðardóttir

and the Alternate Directors are:

- Sigurbjörg Ásta Jónsdóttir
- Þröstur Ríkharðsson

Next was the election of the Chairman of the Board of Directors.

The chair announced that the Nomination Committee had proposed that Brynjólfur Bjarnason be re-elected as Chairman of the Board. Next was the election of the Chairman from the elected members of the Board of Directors. Brynjólfur Bjarnason was re-elected as Chairman of the Board of Directors.

Finally, there was the election of the Vice Chairman of the Board of Directors.

The chair announced that the Nomination Committee had proposed that Paul Horner be re-elected as Vice Chairman. Next was the election of the Vice Chairman from among the newly elected members of the Board of Directors, excluding the Chairman. Paul Horner was re-elected as Vice Chairman of the Board of Directors.

5. Election of an auditing firm

The chair presented the following proposal of the Board:

The Board of Directors proposes that Deloitte ehf. will be elected to continue to act as the Bank's external auditors until the next AGM. The Lead Audit Partner is Gunnar Þorvarðarson. This proposal is based on an agreement between Arion Bank and Deloitte from December 2021 and Article 90 of Act on Financial Undertakings No. 161/2002.



A question was raised about Gunnar Þorvarðarson's absence, how that would be handled. The answer was that the election was about Deloitte as the banks auditing firm, but not the Lead Audit Partner as such.

The proposal was therefore put to the vote by the chair and it was unanimously approved.

6. Decision on remuneration to the Board of Directors and compensation to members of the Board's sub-committees

The chair announced that the following Board proposal had been made on remuneration to the Board of Directors, members of Board sub-committees and alternate Directors:

It is proposed that the monthly salary of Board members be ISK 525,000, the monthly salary of the Vice Chairman be ISK 787,000 and the monthly salary of the Chairman be ISK 1,050,000. In addition, board members residing outside of Iceland will receive travel allowance of ISK 320,000 for each Board meeting they attend in person.

In addition, it will be permitted to pay the Board members who sit on the Board's sub-committees ISK 210,000 in monthly salary for each committee and the chairmen of Board sub-committees 315,000 ISK in monthly salary. It is proposed that the salary of Alternate Directors will be ISK 262,500 for each Board meeting attended, but never more than ISK 525,000 a month in case there are more meetings.

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 2022 AGM.

The shareholders were given the opportunity to comment on the proposal, but no one wished to discuss the matter. Votes were then cast on the proposed amendment and it was approved with a majority of votes.

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

The chair announced that the following proposal had been made by the Board:

The Board proposes that remuneration to members of the Bank's Nomination Committee shall be fixed hourly rate of ISK 25,000.

The chair gave the shareholders the opportunity to discuss this proposal.

No one wished to discuss the matter. The proposal was then put to the vote. The proposal was approved almost unanimously.

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

The chair explained to shareholders that under this item on the agenda, two members of the Bank's Nomination Committee were due to be elected. The chair explained that according to the Bank's Articles of Association and the rules of the Nomination Committee, the Bank's shareholders should be given the opportunity to elect two of the three members of the Nomination Committee. The third committee member shall be the Chairman of the Board of Directors or another Board member appointed by the Board.

The chair announced the names of the following candidates:

- Júlíus Þorfinnsson
- Auður Bjarnadóttir



The chair announced that since no other nominations had been received, the above were duly elected to the Nomination Committee.

Júlíus Þorfinnsson and Auður Bjarnadóttir were therefore duly elected as members of the Nomination Committee.

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

The chair introduced the Board's proposal on the Bank's Remuneration Policy.

The Board of Directors proposes that amendments will be made on the Remuneration Policy so that provisions of VI chapter (Stock option plan) will be expanded to reflect the proposed update of the Bank's stock option plan according to Agenda 10.

The Board of Directors proposes, taking into account shareholders' comments at the last Annual General Meeting concerning the Bank's remuneration policy, that the wording, content and emphasis of the Bank's remuneration policy be updated. The updated remuneration policy is intended to increase transparency towards all stakeholders and clarify the Bank's remuneration framework in more detail.

The chair pointed out that a draft of the updated Remuneration Policy had been available on the Bank's website.

The shareholders were then given the opportunity to comment on the proposal.

The chair stated that in the run-up to the annual general meeting, Gildi Pension Fund sent the bank comments regarding the above-mentioned proposal of the board. At the same time, Gildi Pension Fund explained its vote regarding the proposal and requested that the chair of the meeting explain its position on the proposal at the meeting. The booking of Gildi Pension Fund is as follows:

"Gildi Pension Fund is voting against the proposal. The changes proposed to the Bank's remuneration policy at this annual general meeting are positive in the Fund's opinion and aim to increase the clarity of the policy.

On the other hand, in the Fund's opinion, the remuneration of the Bank's management appear, when taking into account the possibility of performance-related payments, call options and warrants, to be much higher than the norm at other Icelandic banks and listed companies on the Icelandic market, as the fund has previously traced at the Bank's last annual general meeting. If companies decide to use any kind of performance-related remuneration scheme, it is appropriate that fixed remuneration be lower compared to companies where such schemes are not in place. It is important that such schemes do not encourage excessive risk taking. Therefore, the company's board of directors is asked to review the implementation of the remuneration policy with these views in mind. While the implementation does not comply with the fund's opinion, with regard to the top tier of management, the fund will not approve the remuneration policy that is proposed."

No further queries or comments were received and the chair put the proposal to the vote. The proposal was passed with a majority of votes.

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

The chair presented the following proposal of the Board of Directors:

The Board of Directors proposes that it be authorised to amend the previously established share option plan based on Article 10 on Income Tax, of Act No. 90/2003 in accordance with the proposed expansion of the Bank's remuneration policy in accordance with Agenda 9, so that the



Bank's stock option plan also covers the permanent employees of certain of the Bank's subsidiaries, Stefnir hf. and Vörður tryggingar hf.

The chair briefly discussed the Board's explanatory note on the proposal. The chair gave the people attending the meeting the opportunity to comment on the proposal. No questions or comments were received.

The proposal was put to the vote and passed with a majority of votes.

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

The chair announced that a proposal had been made to reduce share capital by cancelling the Bank's own shares. The Board's proposal is as follows:

The Annual General Meeting of Arion Bank hf., held on 16 March 2022, resolves to reduce share capital from ISK 1.660.000.000 to ISK 1.510.000.000 nominal value by cancelling 150.000.000 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.

The proposal entails a change to Article 2.1. of the Bank's Articles of Association, which will read as follows:

"The Company's share capital is ISK 1,510,000,000.00 – one billion five hundred and ten million Icelandic krónur."

The chair gave the shareholders the opportunity to comment on the proposal. No questions or comments were received.

The proposal was then put to the vote. The proposal was passed with a majority of votes.

12. Proposal to renew the Bank's authorisation to purchase own shares and a corresponding amendment to the Articles of Association

The chair announced that a proposal had been made to renew the Board's authorisation to purchase own shares and a corresponding amendment to the Articles of Association.

The Board of Directors proposes that the authorisation to purchase the Bank's shares is renewed. It is further proposed that should the proposal be approved, the authorisation will be recorded in Annex no. 1 to the Articles of Association of the Bank, replacing the current Annex no. 1, and shall be a part of the Articles of Association for the period for which the authorization is valid, cf. Article 7.1. of the Bank's Articles of Association. The proposal reads as follows:

"The Annual General Meeting of Arion Bank hf. held on 16 March 2022 authorises 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 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 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 2023 or 15 September 2023, whichever occurs first. Older authorisations to purchase own shares are cancelled with the approval of this authorisation."



The chair gave the shareholders the opportunity to discuss this proposal. No questions or comments were received.

The proposal was then put to the vote. The proposal was passed with a majority of votes.

13. Other business

The chair presented that the Board of Directors had received a proposal for a resolution from Rúnar Einarsson, shareholder. The resolution was in two sections, which would be presented separately. The resolution was as follows:

1. The conclusion of share option agreement, forward share capital agreements with senior management will be ceased and all other bonus schemes will be abolished.

2. From now on, all the bank's jobs where salaries are over ISK 1.8 million will be advertised and applicants will be asked to submit wage demands with an application in a sealed envelope. A qualifications committee will be asked to review applications and the applicant who meets all the requirements requested in the application and at the same time requests the lowest salary will be hired.

The chair then presented the first sections of the motions for resolutions:

Shareholders' meeting of Arion Bank hf. resolves the following to the Board of Directors:

The conclusion of share option agreements, forward share agreements with senior executives will be ceased and all other bonus schemes will be abolished.

The chair gave the shareholders the opportunity to discuss this matter. No comments or queries were received. A vote was then taken on the proposal. The proposal was rejected by a majority of the votes cast.

The chair then presented the second sections of the motion for a resolution:

Shareholders' meeting of Arion Bank hf. resolves the following to the Board of Directors:

From now on, all the bank's jobs with salaries are over ISK 1.8 million will be advertised and applicants will be asked to submit salary demands with an application in a sealed envelope. The Qualifications Committee will be asked to review applications and the applicant who meets all the requirements requested in the application and at the same time requests the lowest salary will be hired.

The chair gave the shareholders the opportunity to discuss this matter. No comments or queries were received. A vote was then taken on the proposal. The proposal was rejected by a majority of the votes cast.

The chair gave the Board of Directors and representatives of the shareholder the opportunity to raise further questions or to comment.

No comments or questions were received and no other matters were raised.

The chair invited the bank's Chairman of the Board of Directors, Brynjólfur Bjarnason, to address the meeting. Brynjólfur thanked the people attending the meeting for the confidence that the bank's board had been given through re-election.

The people attending the meeting were then given the opportunity hear the minutes read out aloud if they wished. No shareholder asked for the minutes to be read aloud and the chair and secretary were asked to complete the minutes.

No further business was discussed and the meeting was adjourned at 5:48 p.m.



Ólafur Hrafn Kjartansson, lawyer
Secretary

Guðbjörg Helga Hjartardóttir, lawyer
Chair