

This information is information that Arion Banki hf. is obliged to disclose pursuant to the EU Market Abuse Regulation. The information was submitted for publication on 20 June 2018, 09:30 am GMT.

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART, INTO OR WITHIN THE UNITED STATES, AUSTRALIA, CANADA, JAPAN OR SOUTH AFRICA OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DISTRIBUTE THIS ANNOUNCEMENT.

PRESS ANNOUNCEMENT

Exercise of the over-allotment option in the IPO of Arion Bank and end of stabilisation period

Reykjavik, 20 June 2018

Citigroup Global Markets Limited, as stabilisation manager in the IPO, has notified Arion Bank hf. and the selling shareholders that the over-allotment option has been exercised in full and that the stabilisation period in respect of the IPO has ended.

Citigroup Global Markets Limited has notified Arion Bank and the selling shareholders that it has fully exercised the over-allotment option for 67,875,000 shares of Arion banki hf., out of the up to 67,875,000 over-allotment securities (in the form of shares or SDRs) granted by the selling shareholders. The purchase price of the option shares is ISK 75.00 per share, equal to the offer price in the IPO, for an aggregate consideration to the selling shareholders of approximately ISK 5,091 million. Settlement of the over-allotment option will take place on 22 June 2018. The stabilisation period in respect of the IPO has now ended and no further stabilisation transactions will be carried out.

Contacts

Sture Stölen, Head of Investor Relations +46 723 68 65 07

Haraldur G. Eidsson, Head of Corporate Communications + 354 856 7108

Íslensk þýðing:

Nýting kaupréttar á hlutabréfum til að mæta umframeftirspurn í útboði Arion banka og lok jöfnunartímabils

Citigroup Global Markets Limited, umsjónaraðili jöfnunaraðgerða (e. stabilisation manager) í kjölfar frumútboðs Arion banka hf., hefur tilkynnt bankanum og seljendum hluta í útboðinu að kaupréttur á þeim hlutabréfum í Arion banka sem ætluð voru til að mæta umframeftirspurn hafi verið nýtt og að jöfnunartímabilinu sé lokið.

Citigroup Global Markets Limited, hefur tilkynnt Arion banka hf. og seljendum í útboði bankans að kaupréttur á þeim hlutabréfum sem seljendur höfðu veitt til að mæta umframeftirspurn hafi verið nýttur, alls 67.875.000 hlutir (í formi hlutabréfa eða SDR). Kaupverð umræddra hluta var 75,00 krónur á hlut, eða það sama og í frumútboðinu, og verða því alls um 5.091 milljónir króna greiddar seljendum. Uppgjörsdagur viðskiptanna er 22. júní 2018. Jöfnunartímabili frumútboðsins er nú lokið og ekki verður um fleiri jöfnunaraðgerðir að ræða.

Íslenski textinn hér að framan er þýðing upplýsinga sem fram koma í ofangreindri tilkynningu á ensku. Ef misræmi er milli íslenskrar þýðingar og enska textans gildir enski textinn.

This information is information that Arion Banki hf. is obliged to disclose pursuant to the EU Market Abuse Regulation. The information was submitted for publication on 20 June 2018, 09:30 am GMT.

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART, INTO OR WITHIN THE UNITED STATES, AUSTRALIA, CANADA, JAPAN OR SOUTH AFRICA OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DISTRIBUTE THIS ANNOUNCEMENT.

Disclaimer

This publication is an advertisement. This publication constitutes neither an offer to sell nor a solicitation to buy securities in any jurisdiction, including in or into the United States, Australia, Canada, Japan or South Africa. Neither this announcement nor anything contained herein shall form the basis of, or be relied upon in connection with, any offer or commitment whatsoever in any jurisdiction. Any decision to purchase or subscribe for securities referred to in this publication should be made solely on the basis of the information contained in the price range prospectus being published today and any supplement or amendment thereto, copies of which can be obtained free of charge from Arion Bank at Borgartún 19, 105 Reykjavík, Iceland and on Arion Bank's website at www.arionbanki.is/english.

The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered or sold within the United States absent registration or an exemption from the registration requirements under the Securities Act. Arion Bank does not intend to register any portion of the offering in the United States or to conduct a public offering of securities in the United States.

Arion Bank has not authorised any offer to the public of securities in any Member State of the European Economic Area, except in Iceland and Sweden. With respect to any Member State of the European Economic Area which has implemented the Prospectus Directive other than Iceland and Sweden (each a "**Relevant Member State**"), no action has been undertaken or will be undertaken to make an offer to the public of securities requiring publication of a prospectus in any Relevant Member State. As a result, the securities may only be offered in Relevant Member States:

- (i) to any legal entity which is a "qualified investor" as defined in the Prospectus Directive; or
- (ii) in any other circumstances falling within Article 3(2) of the Prospectus Directive.

For the purpose of this paragraph, the expression "offer of securities to the public" means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable the investor to decide to exercise, purchase or subscribe for the securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

Any such investor will also be deemed to have represented and agreed that any securities acquired by it in the contemplated offering of securities have not been acquired on behalf of persons other than such investor. This announcement is not an advertisement within the meaning of the Prospectus Directive and does not constitute a prospectus.

In the United Kingdom, this document and any other materials in relation to the securities is only being distributed to, and is only directed at, and any investment or investment activity to which this document relates is available only to, and will be engaged in only with, "**qualified investors**" (as defined in section 86(7) of the Financial Services and Markets Act 2000) and who are (i) persons having professional experience in matters relating to investments who fall within the definition of "**investment professionals**" in Article 19(5) of the Financial Services and Markets Act 2000 ("**Financial Promotion**") Order 2005 (the "**Order**"); or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "**relevant persons**"). This communication is directed only at relevant persons. Persons who are not relevant persons should not take any action on the basis of this document and should not act or rely on it. Any investment activity to which this communication relates will only be available to and will only be engaged with, relevant persons. No action has been taken by Arion Bank that would permit an offer of securities or the possession or distribution of these materials or any other offering or publicity material relating to such securities in any jurisdiction, except for the Iceland and Sweden, where action for that purpose is required.

This document may contain forward-looking statements. These statements are based on the current views, expectations and assumptions of the management of Arion Bank and involve known and

This information is information that Arion Banki hf. is obliged to disclose pursuant to the EU Market Abuse Regulation. The information was submitted for publication on 20 June 2018, 09:30 am GMT.

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART, INTO OR WITHIN THE UNITED STATES, AUSTRALIA, CANADA, JAPAN OR SOUTH AFRICA OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DISTRIBUTE THIS ANNOUNCEMENT.

unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those described in such statements due to, among other things, changes in the general economic and competitive environment, risks associated with capital markets, currency exchange rate fluctuations and competition from other companies, changes in international and national laws and regulations, in particular with respect to tax laws and regulations, affecting Arion Bank and other factors. Arion Bank does not assume any obligations to update any forward-looking statements.

Neither these materials nor any copy of it may be taken or transmitted, directly or indirectly, into the United States, Australia, Canada, Japan or the South Africa. These materials do not constitute or form part of any offer or invitation to sell, or any solicitation of any offer to purchase or subscribe nor shall it (or any part of it) or the fact of its distribution, form the basis of, or be relied on in connection with, any contract therefore. The distribution of these materials and other information in connection with the listing and offer in certain jurisdictions may be restricted by law.

Before investing in any securities, persons viewing this publication should ensure that they fully understand and accept the risks which are set out in the Prospectus. The information in this publication is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this publication or its accuracy or completeness.

Stabilisation

In connection with the IPO, Citigroup Global Markets Limited (the “**stabilisation manager**”), or any of its agents, may (but will be under no obligation to), to the extent permitted by applicable law, over-allot Shares and SDRs or effect other transactions with a view to supporting the market price of the Shares and SDRs at a higher level than that which might otherwise prevail in the open market. The stabilisation manager is not required to enter into such transactions and such transactions may be effected on any stock market, over-the-counter market, stock exchange or otherwise and may be undertaken at any time during the period commencing on the date of the commencement of conditional dealings of the Shares and the SDRs on NASDAQ Iceland and NASDAQ Stockholm, respectively, and ending no later than 30 calendar days thereafter. However, there will be no obligation on the stabilisation manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. Such stabilising measures, if commenced, may be discontinued at any time without prior notice. In no event will measures be taken to stabilise the market price of the Shares and SDRs above the offer price in the IPO. Save as required by law or regulation, neither the stabilisation manager nor any of its agents intends to disclose the extent of any over-allotments made and/or stabilisation transactions conducted in relation to the IPO.

In connection with the IPO, the stabilisation manager may, for stabilisation purposes, over-allot Shares and SDRs up to a maximum of 15% of the total number of Shares and SDRs comprised in the IPO. For the purposes of allowing it to cover short positions resulting from any such over-allotments and/or from sales of Shares and SDRs effected by it during the stabilisation period, the stabilisation manager is expected to enter into over-allotment arrangements pursuant to which the stabilisation manager may purchase or procure purchasers for additional Shares and SDRs up to a maximum of 15% of the total number of Shares and SDRs comprised in the IPO (the “**Over Allotment Securities**”) at the offer price. The over-allotment arrangements will be exercisable in whole or in part, upon notice by the stabilisation manager, at any time on or before the 30th calendar day after the commencement of conditional dealings of the Shares and the SDRs on NASDAQ Iceland and NASDAQ Stockholm, respectively. Any Over-allotment Securities made available pursuant to the over-allotment arrangements, including for all dividends and other distributions declared, made or paid on the Shares and SDRs, will be purchased on the same terms and conditions as the Shares and SDRs being issued or sold in connection with the IPO and will form a single class for all purposes with the other Shares and SDRs, respectively.