

Icelandic State Financial Investments  
Borgartún 3  
105 Reykjavík

For the attention of the director general of the ISFI

15 February 2018

**Notice of exercise of call option: Arion Bank hf. (the "Company")**

We refer to the Shareholders' Agreement relating to the Company between Kaupskil ehf. ("**Kaupskil**"), the Ministry of Finance on behalf of the Government of Iceland, and the Company, dated 3 September 2009, which was amended on 13 January 2016 (the "**Agreement**"). Terms defined in the Agreement shall have the same meaning in this letter.

As of today's date, Kaupskil hereby gives notice of its exercise of the Call Option in respect of all of the Government Shares in accordance with Clause 9 of the Agreement. Based on the transaction being settled on 21 February 2018, the Purchase Price would correspond to ISK 90.087, corresponding to a total Purchase Price of ISK 23,422,585,119. Terms of payment and delivery of the Government Shares may be set out in a separate option settlement agreement, containing terms prescribed in the Agreement.

Yours faithfully,



For and on behalf Kaupskil ehf.