

3 July 2015

**ARION BANK HF**

**Issue of NOK 500,000,000 Floating Rate Notes due July 2020  
under the €1,000,000,000  
Euro Medium Term Note Programme**

**PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 5 June 2015 which constitutes a base prospectus for the purposes of the Prospectus Directive (the **Base Prospectus**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Bank and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on the Luxembourg Stock Exchange's website ([www.bourse.lu](http://www.bourse.lu)).

- |    |     |  |  |
|----|-----|--|--|
| 1. | (a) | Series Number:   | 2  |
|    | (b) | Tranche Number:  | 1  |
|    | (c) | Date on which the Notes will be consolidated and form a single Series: | Not Applicable   |
| 2. |     | Specified Currency or Currencies:                                      | Norwegian Krone ( <b>NOK</b> )   |
| 3. |     | Aggregate Nominal Amount:  |  |
|    | (a) | Series:  | NOK500,000,000   |
|    | (b) | Tranche:   | NOK500,000,000   |
| 4. |     | Issue Price:   | 100.00 per cent. of the Aggregate Nominal Amount   |
| 5. | (a) | Specified Denominations:   | NOK1,000,000   |
|    | (b) | Calculation Amount:  | NOK1,000,000   |
| 6. | (a) | Issue Date:  | 7 July 2015  |
|    | (b) | Interest Commencement Date:  | Issue Date   |
| 7. |     | Maturity Date:   | Interest Payment Date falling in or nearest to July 2020   |
| 8. |     | Interest Basis:  | 3 month NIBOR + 2.95 per cent. Floating Rate<br><br>(see paragraph 13 below)   |
| 9. |     | Redemption/Payment Basis:  | Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount |

10. Change of Interest Basis: Not Applicable

11. Put/Call Options: Not Applicable

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

12. Fixed Rate Note Provisions Not Applicable

13. Floating Rate Note Provisions Applicable

(a) Specified Period(s)/Specified Interest Payment Dates: 7 January, 7 April, 7 July and 7 October in each year subject to adjustment in accordance with the Business Day Convention set out in (b) below

(b) Business Day Convention: Following Business Day Convention

(c) Additional Business Centre(s): Not Applicable

(d) Manner in which the Rate of Interest and Interest Amount is to be determined: Screen Rate Determination

(e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Fiscal Agent): Not Applicable

(f) Screen Rate Determination:

- Reference Rate: 3 month NIBOR

- Interest Determination Date(s): Second Oslo business day prior to the start of each Interest Period

- Relevant Screen Page: Reuters NIBR

(g) ISDA Determination:

- Floating Rate Option: Not Applicable

- Designated Maturity: Not Applicable

- Reset Date: Not Applicable

(h) Linear Interpolation: Not Applicable

(i) Margin(s): +2.95 per cent. per annum

(j) Minimum Rate of Interest: Not Applicable

(k) Maximum Rate of Interest: Not Applicable

- (l) Day Count Fraction: Actual/360
14. Zero Coupon Note Provisions Not Applicable

**PROVISIONS RELATING TO REDEMPTION**

15. Issuer Call: Not Applicable
16. Final Redemption Amount: NOK1,000,000 per Calculation Amount

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**


17. Form of Notes:
- (a) Form: Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event
- (b) New Global Note: No
18. Additional Financial Centre(s): Not Applicable
19. Talons for future Coupons to be attached to Definitive Notes: No

Signed on behalf of **ARION BANK HF.:**

By:

  
Duly authorised **Stefán Pétursson**  
**CFO**

By:

  
Duly authorised **Eiríkur Magnús Jenson**  
**Head of Funding**  
**Arion Bank**

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- |      |   |   |
|------|---|---|
| (i)  | Listing and Admission to trading                            | Application has been made by the Bank (or on its behalf) for the Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market and listed on the Official List of the Luxembourg Stock Exchange with effect from 7 July 2015. |
| (ii) | Estimate of total expenses related to admission to trading: | EUR 2,475   |

### 2. RATINGS

- |          |  |
|----------|--|
| Ratings: | The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally:<br><br>BB+ by Standard & Poor's Credit Market Services Europe Limited (S&P).<br><br>S&P is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the <b>CRA Regulation</b> ). |
|----------|--|

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable to the Dealer, so far as the Bank is aware, no person involved in the issue of the Notes has an interest material to the offer. The Dealer and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Bank and its affiliates in the ordinary course of business.

### 4. YIELD (*Fixed Rate Notes only*)

- |                      |                |
|----------------------|----------------|
| Indication of yield: | Not Applicable |
|----------------------|----------------|

### 5. OPERATIONAL INFORMATION

- |       |  |                          |
|-------|--|--------------------------|
| (i)   | ISIN:  | XS1257091683             |
| (ii)  | Common Code:   | 125709168                |
| (iii) | Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): | Not Applicable           |
| (iv)  | Delivery:  | Delivery against payment |

- (v) Names and addresses of additional Paying Agent(s) (if any): Not Applicable
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

## 6. DISTRIBUTION

- (i) Method of distribution: Non-syndicated
- (ii) If syndicated, names of Managers: Not Applicable
- (iii) Date of Subscription Agreement: Not Applicable
- (iv) Stabilisation Manager(s) (if any): Not Applicable
- (v) If non-syndicated, name of relevant Dealer: Pareto Securities AB
- (vi) U.S. Selling Restrictions: Reg. S Compliance Category 2; TEFRA D