

APPLICABLE FINAL TERMS

21 September 2017

ARION BANK HF

**Issue of SEK 100,000,000 Fixed Rate Notes due 25 September 2019
under the €2,000,000,000
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 19 June 2017 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).

1. (a) Series Number: 15
- (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: Swedish Krona ("SEK")
3. Aggregate Nominal Amount:
 - (a) Series: SEK 100,000,000
 - (b) Tranche: SEK 100,000,000
4. Issue Price: 100.000 per cent. of the Aggregate Nominal Amount
5. (a) Specified Denominations: SEK 1,000,000
- (b) Calculation Amount (in relation to calculation of interest in global form see Conditions): SEK 1,000,000
6. (a) Issue Date: 25 September 2017

	(b) Interest Commencement Date:	Issue Date
7.	Maturity Date:	25 September 2019
8.	Interest Basis:	0.29 per cent. Fixed Rate. (see paragraph 15 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.	Call Options:	Not Applicable
12.	Status of Notes	Unsubordinated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13.	Fixed Rate Note Provisions	Applicable
	(a) Rate(s) of Interest:	0.29 per cent. per annum payable in arrear on each Interest Payment Date
	(b) Interest Payment Date(s):	25 September in each year up to and including the Maturity Date
	(c) Fixed Coupon Amount(s) for Notes in definitive form. (and in relation to Notes in global form see Conditions)	SEK 2,900 per Calculation Amount
	(d) Broken Amount(s) for Notes in definitive form. (and in relation to Notes in global form see Conditions)	Not Applicable
	(e) Day Count Fraction:	30/360
	(f) Determination Date(s):	Not Applicable
14.	Fixed Reset Provisions	Not Applicable
15.	Floating Rate Note Provisions	Not Applicable
16.	Zero Coupon Note Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

17. Issuer Call: Not Applicable
18. Final Redemption Amount: SEK 1,000,000 per Calculation Amount
19. Early Redemption Amount payable on redemption for taxation reasons, upon the occurrence of a Capital Event or on an event of default: SEK 1,000,000 per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

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

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

By: 
Duly authorised

By: 
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

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|------|---|--|
| (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 and listed on the Official List of the Luxembourg Stock Exchange with effect from 25 September 2017. |
| (ii) | Estimate of total expenses related to admission to trading: | EUR 1,500 |

2. RATINGS

Ratings: Not Applicable

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. REASONS FOR THE OFFER

Reasons for the Offer: See "Use of Proceeds" wording in Base Prospectus

5. YIELD (*Fixed Rate Notes and Fixed Reset Notes only*)

Indication of yield: 0.29 per cent. per annum

6. OPERATIONAL INFORMATION

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|-------|---|----------------|
| (i) | ISIN: | XS1689189410 |
| (ii) | Common Code: | 168918941 |
| (iii) | Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and | Not Applicable |

the relevant identification number(s):

- | | | |
|------|---|--|
| (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. |

7. DISTRIBUTION

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|-------|---|---------------------------------------|
| (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: | Danske Bank A/S |
| (vi) | U.S. Selling Restrictions: | Reg. S Compliance Category 2; TEFRA D |
| (vii) | Prohibition of Sales to EEA Retail Investors: | Not Applicable |

