

APPLICABLE FINAL TERMS

20 September 2017

ARION BANK HF

Issue of SEK 250,000,000 Floating Rate Notes due September 2020 (the Notes) 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: 16
- (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: SEK
3. Aggregate Nominal Amount:
 - (a) Series: SEK 250,000,000
 - (b) Tranche: SEK 250,000,000
4. Issue Price: 100.199 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: 25 September 2017
7. Maturity Date: Interest Payment Date falling in or nearest to September 2020
8. Interest Basis: 3 month STIBOR + 0.75 per cent. Floating 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	Not Applicable
14.	Fixed Reset Provisions:	Not Applicable
15.	Floating Rate Note Provisions	Applicable
(a)	Specified Period(s)/Specified Interest Payment Dates:	25 December, 25 March, 25 June, 25 September in each year, subject to adjustment in accordance with the Business Day Convention set out in (b) below
(b)	Business Day Convention:	Modified 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 STIBOR
	• Interest Determination Date(s):	Second Stockholm business day prior to the start of each Interest Period
	• Relevant Screen Page:	Reuters Screen Page "SIOR"
(g)	ISDA Determination:	Not Applicable
(h)	Linear Interpolation:	Not Applicable
(i)	Margin(s):	+ 0.75 per cent. per annum

- (j) Minimum Rate of Interest: Not Applicable
(k) Maximum Rate of Interest: Not Applicable
(l) Day Count Fraction: Actual/360

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

- | | | |
|------|---|---|
| (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 the Issue Date. |
| (ii) | Estimate of total expenses related to admission to trading: | EUR 1,800 |

2. RATINGS

Ratings: Not Applicable

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

Save for any fees payable to the Manager, so far as the Bank is aware, no person involved in the issue of the Notes has an interest material to the offer. The Manager 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

Indication of yield: Not Applicable

6. OPERATIONAL INFORMATION

- | | | |
|-------|--|--|
| (i) | ISIN: | XS1689519061 |
| (ii) | Common Code: | 168951906 |
| (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 | No. Whilst the designation is specified as "no" at the |

manner which would allow Eurosystem eligibility: 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

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

