

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the **EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MIFID II product governance/Professional investors and ECPs only target market – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer's target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

APPLICABLE FINAL TERMS

14 May 2024

ARION BANK HF

Legal Entity Identifier (LEI): RIL4VBPDB0M7Z3KXSF19

**Issue of USD 20,512,000 Senior Preferred notes due 2027
under the €3,000,000,000**

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 16 October 2023 and the supplement to it dated 2 May 2024 which together constitute a base prospectus for the purposes of the Prospectus Regulation (the **Base Prospectus**). This document

constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information. The Base Prospectus has been published on the Bank's website (<https://www.arionbanki.is/english/about-us/investor-relations/debt-investors/funding-programmes-and-prospectuses/#Tab1>).

1. (a) Series Number: 38
- (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: United States dollars (**USD**)
3. Aggregate Nominal Amount:
 - (a) Series: USD 20,512,000
 - (b) Tranche: USD 20,512,000
4. Issue Price: 100 per cent. of the Aggregate Nominal Amount
5. (a) Specified Denominations: USD 1,000
- (b) Calculation Amount (in relation to calculation of interest in global form see Conditions): USD 1,000
6. (a) Issue Date: 17 May 2024
- (b) Interest Commencement Date: Issue Date
7. Maturity Date: 17 December 2027
8. Interest Basis: 6.25 per cent. Fixed Rate (see paragraph 13 below)
9. Redemption / Payment Basis: The Notes will be redeemed on the Maturity Date at 100 per cent. of their then outstanding principal amount (including any previous amounts of interest added to the principal amount of the Notes and by which the principal amount of the Notes has been increased on any previous Interest Payment Date in accordance with the provisions of paragraph 13(b) below) together with interest accrued from (and including) the immediately preceding Interest Payment Date to (but excluding) the Maturity Date
10. Change of Interest Basis: Not Applicable
11. Call Options: Not Applicable

12. Status of Notes: Senior Preferred
- (i) Unrestricted Events of Default: Not Applicable – Condition 9.2 applies

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13. Fixed Rate Note Provisions: Applicable
- a) Rate(s) of Interest: 6.25 per cent. per annum
- b) Interest Payment Date(s): 17 May 2025, 17 May 2026, 17 May 2027, and the Maturity Date.

Notwithstanding the provisions of Condition 4.1, the amount of interest payable on the Notes on each of 17 May 2025, 17 May 2026 and 17 May 2027, shall not be paid in cash but by adding such amount of interest to the principal amount of the Notes and increasing such principal amount accordingly, with each Noteholder having an interest in such increased principal amount of the Notes on a pro rata basis in accordance with the respective nominal amount of the Notes held by such Noteholder.

Interest accrued on the Notes from (and including) 17 May 2027 to (but excluding) the Maturity Date or, in the case of any earlier redemption of the Notes, from (and including) the immediately preceding Interest Payment Date (or the Issue Date, as the case may be) to (but excluding) such date of redemption, where such interest has not been added to the principal amount of the Notes as provided above, shall be paid in cash on the Maturity Date or such earlier date of redemption, as the case may be.

- c) Fixed Coupon Amount(s) for Notes in definitive form. (and in relation to Notes in global form see Conditions) Not Applicable
- 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: 30E/360 (which for the purposes of the definition of “Day Count Fraction” in Condition 4.1 shall have the meaning given in Condition 4.3(d))
- f) Determination Date(s) Not Applicable
14. Inflation Linked Amortising Notes: Not Applicable

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| 15. | Fixed Reset Provisions: | Not Applicable |
| 16. | Floating Rate Note Provisions: | Not Applicable |
| 17. | Zero Coupon Note Provisions: | Not Applicable |
| 18. | Inflation Linked Notes: | Not Applicable |

PROVISIONS RELATING TO REDEMPTION

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|-----|---|--------------------------|
| 19. | Issuer Call: | Not Applicable |
| 20. | Issuer Residual Call: | Not Applicable |
| 21. | Redemption upon the occurrence of a MREL Disqualification Event | Not Applicable |
| 22. | Final Redemption Amount: | As per paragraph 9 above |
| 23. | Early Redemption Amount payable on redemption for taxation reasons, upon the occurrence of a Capital Event or a MREL Disqualification Event or following an Event of Default: | As per paragraph 9 above |

GENERAL PROVISIONS APPLICABLE TO THE NOTES

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| 24. | Form of Notes: | |
| | (a) Form: | ISD Notes

ISD Notes issued in uncertificated and dematerialised book entry form. See further paragraph 7 of Part B below |
| | (b) New Global Note: | No |
| 25. | Additional Financial Centre(s): | Not Applicable |
| 26. | 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 Not applicable

- (ii) Estimate of total expenses related to admission to trading: Not applicable

2. RATINGS

Ratings: The Notes to be issued will not be rated

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

Not Applicable.

4. USE OF PROCEEDS AND ESTIMATED NET PROCEEDS

- (i) Reasons for the offer: See "Use of Proceeds" in the Base Prospectus
- (ii) Estimated net proceeds: USD 20,512,000

5. YIELD

Indication of yield: Not Applicable

6. PERFORMANCE OF FORMULA/CPI, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING

Not Applicable

7. OPERATIONAL INFORMATION

- (i) ISIN: IS0000036382
- (ii) Common Code: Not Applicable
- (iii) CFI Code: As set out on the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN
- (iv) FISN: As set out on the website of the Association of National

Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN

- (v) Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): Icelandic Securities Depository, Iceland. The Bank shall be entitled to obtain certain information from the register maintained by the ISD for the purpose of performing its obligations under the issue of ISD Notes. The ISD Agent shall be entitled to obtain such information as is required to perform its duties under the Conditions of the Notes and rules and regulations of, and applicable to, the ISD.
- (vi) Delivery: Delivery against payment
- (vii) Names and addresses of additional Paying Agent(s) (if any) or, in the case of ISD Notes, the ISD Agent: Arion Bank hf. will act as the ISD Agent as provided in the Conditions
- (viii) 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 European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

8. 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: Not Applicable
- (vi) U.S. Selling Restrictions: Reg. S Compliance Category 2; TEFRA C
- (vii) Prohibition of Sales to EEA Retail Investors: Applicable
- (viii) Prohibition of Sales to UK Retail: Applicable

Investors:

(ix) Prohibition of Sales to Belgian Consumers: Not Applicable

(x) Relevant Benchmark: Not Applicable