

SUPPLEMENT DATED 25 AUGUST 2025 TO THE BASE PROSPECTUS DATED 7 NOVEMBER 2024



Arion Bank hf.

(Incorporated with limited liability in Iceland)

€3,000,000,000

Euro Medium Term Note Programme

This Supplement (the **Supplement**) to the base prospectus dated 7 November 2024, as supplemented by the supplements dated 6 February 2025 and 18 February 2025 (as so supplemented, the **Base Prospectus**), which comprises a base prospectus for the purposes of the Prospectus Regulation, constitutes a supplement to the Base Prospectus for the purposes of Article 23(1) of the Prospectus Regulation and is prepared in connection with the €3,000,000,000 Euro Medium Term Note Programme (the **Programme**) established by Arion Bank hf. (the **Bank**). Terms defined in the Base Prospectus have the same meaning when used in this Supplement. When used in this Supplement, **Prospectus Regulation** means Regulation (EU) 2017/1129.

The *Commission de Surveillance du Secteur Financier* (the **CSSF**) of the Grand Duchy of Luxembourg in its capacity as competent authority under the Prospectus Regulation has approved this Supplement as a supplement within the meaning of Article 23(1) of the Prospectus Regulation. The CSSF only approves this Supplement as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the CSSF should not be considered as an endorsement of the Bank or of the quality of the Notes that are the subject of the Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements to the Base Prospectus issued by the Bank from time to time.

The Bank accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Bank the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Purpose of the Supplement

The purpose of this supplement is to update the “Recent Developments” section of the Base Prospectus in relation to the merger discussions which recently began between the Bank and Kvika banki hf.

Recent Developments

By virtue of this Supplement, the following paragraphs are added at the end of the section entitled “Recent Developments” on page 173 of the Base Prospectus:

"On 27 February 2025, the Board of Íslandsbanki decided to decline the Bank's offer for merger discussions. Merger discussions between the Bank and Íslandsbanki will therefore not take place at this time.

The Bank and Kvika Banki hf. initiate merger negotiations

On 6 July 2025 the Bank and Kvika banki hf. (**Kvika**) formally initiated merger negotiations following a renewed proposal from the Bank's board of directors submitted to Kvika on 4 July 2025. This

followed an earlier expression of interest in initiating merger discussions from the Bank on 27 May 2025. The banks have signed a Letter of Intent (the **LOI**) outlining the proposed terms of the merger (the **Merger**).

Pursuant to the terms of the LOI, Kviká shareholders would receive new shares in the Bank amounting to 26 per cent. of the merged entity — equivalent to 485,237,822 shares. The exchange ratio represents a share price of ISK 19.17 per share in Kviká and ISK 174.5 per share in the Bank. Adjustments to the exchange ratio may be made if any distributions to shareholders are made by either bank before the Merger's effective date.

The Merger would be one of the largest in Iceland's financial sector. The aim is to combine the strengths of two well-established institutions and create a robust and diversified financial entity capable of serving a wide range of customers, including individuals, businesses, and investors. The merged bank would benefit from broader revenue streams, improved risk distribution, and increased operational efficiency. Both parties emphasise that the Merger would enhance the competitiveness of the Icelandic financial market and improve service offerings across retail, corporate, and investment banking.

The merger process is already underway, with due diligence reviews and merger negotiations being undertaken. The banks plan to engage in preliminary discussions with the ICA in due course to present the Merger's strategic goals and anticipated benefits. Assuming that the preliminary discussions with the ICA are successful, the Merger will be formally announced to the regulators and will be submitted for approval at shareholders' meetings of both companies. It is expected that such process could take 9-12 months."

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in, or incorporated by reference into, the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.

A copy of this Supplement may be obtained from <https://www.arionbanki.is/english/about-us/investor-relations/debt-investors-and-rating/funding-programmes-and-prospectuses/#emtn>. A copy of this Supplement may also be obtained from the Luxembourg Stock Exchange's website at www.luxse.com. Copies of documents incorporated by reference in the Base Prospectus can also be viewed electronically free of charge at <https://www.arionbanki.is/>.

The Bank has requested the CSSF to notify the Financial Supervisory Authority of the Central Bank of Iceland (*Fjármálaeftirlitið*), as competent authority under the Prospectus Regulation in Iceland, of its approval of this Supplement pursuant to Article 25 of the Prospectus Regulation.