

ISIN: IS0000021186

ISK 2,500,000,000.00 Index Linked Covered Bonds under the €1,000,000,000 Covered Bond Programme

Arion Bank hf. – Amended and Restated Final Terms

This notice relates to covered bonds issued by Arion Bank hf. under its €1,000,000,000 covered bond programme offering circular dated 9 February 2012 and final terms dated 17 February 2012 regarding the issue of ISK 2,500,000,000.00 Index Linked Covered Bonds under the programme.

Notice is hereby given that the final terms dated 17 February 2012 have been amended and restated as of 15 March 2012 and such amended and restated final terms replace the final terms dated 17 February 2012 in order to make the changes set out below:

In Part A:

- (i) The introductory paragraph the text has been amended to state:

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 9 February 2012 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**) as amended (which includes the amendments made by Directive 2010/73/EU (the **2010 PD Amending Directive**) to the extent that such amendments have been implemented in a relevant Member State). This document *amends, restates and replaces the final terms dated 17 February 2012* and constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular. Full information on the Issuer and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular and the Final Terms are available for viewing at Arion Bank hf., Borgartún 19, 105 Reykjavík, Iceland, on the Luxembourg Stock Exchange's website at www.bourse.lu and from the registered office of the Issuer *and on the website of the Issuer at www.arionbanki.is* and from the specified office of the Agent in London and will be on the Icelandic Financial Supervisory Authority website at www.fme.is.

The wording in italics above has been added.

- (ii) At item 34(f), the text opposite the Initial Annuity Amount has been amended to read:

"The Initial Annuity Amount payable on the Interest Payment Date falling on 21 August, 2012 shall be ISK 82,741,819.74 being ISK 661,934.56 per ISK 20,000,000 Calculation Amount."

where it previously stated:

"The Initial Annuity Amount payable on the Interest Payment Date falling on 21 August, 2012 August shall be ISK 87,741,819.74."

The formula used to calculate the Initial Annuity Amount remains unchanged. The change is a correction to a typo in the date and in the figure for the Initial Annuity Amount and to specify the amount payable per Calculation Amount.

- (iii) At item 35(a), "Arion Bank hf." has been inserted.
- (iv) Under Item 35 (a), the insertion of:

"(b) Date of Subscription Agreement: 20 February 2012"
- (v) At item 36, the name of Arion Bank hf. has been removed and replaced with the words "Not applicable".
- (vi) Under the heading "PURPOSE OF FINAL TERMS" by the insertion of the words "*and listing on the NASDAQ OMX Iceland hf. and admission to trading on the Regulated Market of the NASDAQ OMX Iceland hf.)*" so that the paragraph is now as follows:

"These Final Terms comprise the final terms required for listing on the official list of the Luxembourg Stock Exchange, and admission to trading on the Regulated Market of the Luxembourg Stock Exchange and listing on the NASDAQ OMX Iceland hf. and admission to trading on the Regulated Market of the NASDAQ OMX Iceland hf. of the Covered Bonds described herein pursuant to the €1,000,000,000 Covered Bond Programme of Arion Bank hf."

In Part B:

- (vii) At item 1, the text opposite the words "LISTING AND ADMISSION TO TRADING" has been amended to state:

"Application has been made by the Issuer (or on its behalf) for the Covered Bonds to be admitted to trading on Regulated Market of the Luxembourg Stock Exchange and, listing on the Official List of the Luxembourg Stock Exchange with effect from 17 February 2012. Application has furthermore been made by the Issuer to have the Covered Bonds admitted to trading on the NASDAQ OMX Iceland hf. and listing on the Regulated Market of the NASDAQ OMX Iceland hf., with effect from 22 February 2012."

The changes at this item are to refer to the date of 22 February 2012 with regards to the relevant date for Icelandic listing instead of 17 February 2012 and to refer to the Luxembourg Stock Exchange's Regulated Market and NASDAQ OMX Iceland hf.'s Regulated Market.

- (viii) At item 6(v), deletion of the words "Not applicable" and their replacement by " Arion Bank hf. Borgartún 19, 105 Reykjavík, Iceland".

All other information remains unchanged.

To view the full document, please paste the following URL into the address bar of your browser: <http://www.arionbanki.is/?PageID=7073>

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