

26 April 2017

ARION BANK HF
Issue of NOK 250,000,000 Fixed Rate Notes due April 2023
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 7 June 2016 and the supplements to it dated 19 September 2016 and 17 November 2016 which together constitute 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).

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| 1. | (a) | Series Number: | 13 |
| | (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: | Norwegian Kroner (“NOK”) |
| 3. | | Aggregate Nominal Amount: | |
| | (a) | Series: | NOK 250,000,000 |
| | (b) | Tranche: | NOK 250,000,000 |
| 4. | | Issue Price: | 100.00 per cent. of the Aggregate Nominal Amount |
| 5. | (a) | Specified Denominations: | NOK 1,000,000 |
| | (b) | Calculation Amount (in relation to calculation of interest in global form see Conditions): | NOK 1,000,000 |
| 6. | (a) | Issue Date: | 28 April 2017 |
| | (b) | Interest Commencement Date: | Issue Date |

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| 7. | Maturity Date: | Interest Payment Date falling in or nearest to April 2023 |
| 8. | Interest Basis: | 3.02 per cent. Fixed rate |
| 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. | Put/Call Options: | Not Applicable |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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| 12. | Fixed Rate Note Provisions | Applicable |
| | Rate(s) of Interest: | 3.02 per cent. per annum payable in arrear on each Interest Payment Date |
| | Interest Payment Date(s): | 28 April in each year up to and including the Maturity Date |
| | Fixed Coupon Amount(s) for Notes in definitive form. (and in relation to Notes in global form see Conditions) | NOK 30,200 per Calculation Amount |
| | Broken Amount(s) for Notes in definitive form. (and in relation to Notes in global form see Conditions) | Not Applicable |
| | Day Count Fraction: | 30/360 |
| | Determination Date(s): | Not Applicable |
| 13. | Floating Rate Note Provisions | Not Applicable |
| 14. | Zero Coupon Note Provisions | Not Applicable |

PROVISIONS RELATING TO REDEMPTION

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| 15. | Issuer Call: | Not Applicable |
| 16. | Final Redemption Amount: | NOK 1,000,000 per Calculation Amount |

GENERAL PROVISIONS APPLICABLE TO THE NOTES

17. Form of Notes:
- (a) Form: Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event
 - (b) New Global Note: No
18. Additional Financial Centre(s): Not Applicable
19. 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 on or about the Issue Date. |
| (ii) | Estimate of total expenses related to admission to trading: | EUR 2700 |

2. RATINGS

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| Ratings: | The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally:

BBB by Standard & Poor's Credit Market Services Europe Limited (S&P)

S&P is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). |
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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. YIELD (*Fixed Rate Notes only*)

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| Indication of yield: | Not Applicable |
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5. OPERATIONAL INFORMATION

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| (i) | ISIN: | XS1605351722 |
| (ii) | Common Code: | 160535172 |
| (iii) | Any clearing system(s) other | Not Applicable |

than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):

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| (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. |

6. 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: | Skandinaviska Enskilda Banken AB (publ) |
| (vi) | U.S. Selling Restrictions: | Reg. S Compliance Category 2; TEFRA D |

