

**MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPS ONLY TARGET MARKET** – Solely for the purposes of each 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 Directive 2014/65/EU (as amended, **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 manufacturers' 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 manufacturers' target market assessment) and determining appropriate distribution channels.

25 November 2020

## **ARION BANK HF**

**Legal Entity Identifier (LEI): RIL4VBPDB0M7Z3KXSF19**

**Issue of EUR300,000,000 0.625 per cent. Notes due 2024  
under the EUR3,000,000,000 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 6 August 2020 and the supplement to it dated 16 November 2020 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 Issuer's website (<https://www.arionbanki.is/english/about-us/investor-relations/debt-investors/funding-programmes-and-prospectuses/#Tab1>).

- |    |  |                                   |
|----|--|-----------------------------------|
| 1. | (a) Series Number  | 25                                |
|    | (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:  | EUR                               |
| 3. | Aggregate Nominal Amount:  |                                   |
|    | (a) Series:  | EUR300,000,000                    |
|    | (b) Tranche:   | EUR300,000,000                    |
| 4. | Issue Price:   | 99.904 per cent. of the Aggregate |

|  | Nominal Amount  |
|--|---|
| 5. (a) Specified Denominations:  | EUR100,000 and integral multiples of EUR1,000 in excess thereof up to and including EUR199,000. No Notes in definitive form will be issued with a denomination above EUR199,000 |
| (b) Calculation Amount (in relation to calculation of interest in global form see Conditions). | EUR1,000  |
| 6. (a) Issue Date:   | 27 November 2020  |
| (b) Interest Commencement Date:  | Issue Date  |
| 7. Maturity Date:  | 27 May 2024   |
| 8. Interest Basis:   | 0.625 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. Call Options:  | Not Applicable  |
| 12. Status of Notes:   | Unsubordinated  |

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

|  |   |
|--|---|
| 13. Fixed Rate Note Provisions   | Applicable  |
| (a) Rate(s) of Interest:   | 0.625 per cent. per annum payable in arrear on each Interest Payment Date   |
| (b) Interest Payment Date(s):  | 27 May in each year commencing on 27 May 2021 (with a short first coupon payable on 27 May 2021 (the <i>Short First Coupon</i> )) up to and including the Maturity Date                                     |
| (c) Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions) | EUR6.25 per Calculation Amount other than in respect of the Fixed Interest Period from (and including) the Interest Commencement Date to (but excluding) 27 May 2021, as to which see paragraph 13(d) below |
| (d) Broken Amount(s) for Notes in definitive form (and in relation to  | In respect of the Short First Coupon, EUR 3.10 per Calculation Amount, payable on   |

Notes in global form see the Interest Payment Date falling on 27  
Conditions) May 2021

- (e) Day Count Fraction: Actual/Actual (ICMA)
- (f) Determination Date(s): 27 May in each year
- 14. Fixed Reset Provisions: Not Applicable
- 15. Floating Rate Note Provisions: Not Applicable
- 16. Zero Coupon Note Provisions: Not Applicable

#### **PROVISIONS RELATING TO REDEMPTION**

- 17. Issuer Call: Not Applicable
- 18. Final Redemption Amount: EUR1,000 per Calculation Amount
- 19. Early Redemption Amount: EUR1,000 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: Yes
- 21. Additional Financial Centre(s): Not Applicable
- 22. Talons for future Coupons to be attached to Definitive Notes: No

#### **THIRD PARTY INFORMATION**

The rating definition provided in Part B, Item 2 of these Final Terms has been extracted from the website of S&P, as defined below. The Bank confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by S&P, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of **ARION BANK HF.:**

By: 

*Duly authorised*

By:

*Duly authorised*

**Benedikt Gíslason**  
**CEO**

## 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's regulated market and listed on the Official List of the Luxembourg Stock Exchange with effect from 27 November 2020 |
| (ii) | Estimate of total expenses related to admission to trading: | EUR2,900  |

### 2. RATINGS

Ratings: The Notes to be issued are expected to be rated:

BBB by S&P Global Ratings Europe Limited (**S&P**).

Obligations rated “BBB” exhibit adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments on the obligation.

(Source:  
<https://www.standardandpoors.com/en-EU/web/guest/article/-/view/sourceId/504352>)

S&P is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended).

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

Save for any fees payable to the Managers, so far as the Bank is aware, no person involved in the issue of the Notes has an interest material to the offer. The Managers and their 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 AND ESTIMATED NET PROCEEDS**

- (i) Reasons for the offer: The net proceeds from the issue of the Notes will be applied by the Bank for its general corporate purposes, which include making a profit.
- (ii) Estimated net proceeds: EUR298,662,000

**5. YIELD**

Indication of yield: 0.653 per cent. per annum

**6. OPERATIONAL INFORMATION**

- (i) ISIN: XS2262798494
- (ii) Common Code: 22679849
- (iii) CFI: 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 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): Not Applicable
- (vi) Delivery: Delivery against payment
- (vii) Names and addresses of additional Paying Agent(s) (if any): Not Applicable
- (viii) Intended to be held in a manner which would allow Eurosystem eligibility: Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during

their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

## **7. DISTRIBUTION**

- |        |  |   |
|--------|--|---|
| (i)    | Method of distribution:                              | Syndicated  |
| (ii)   | If syndicated, names of Managers:                    | Deutsche Bank Aktiengesellschaft<br>J.P. Morgan Securities plc<br>Nomura International plc<br>UBS Europe SE |
| (iii)  | Date of Subscription Agreement:                      | 25 November 2020  |
| (iv)   | Stabilisation Manager(s) (if any):                   | J.P. Morgan Securities plc  |
| (v)    | If non-syndicated, name of relevant Dealer:          | Not Applicable  |
| (vi)   | U.S. Selling Restrictions:                           | Reg. S Compliance Category 2;<br>TEFRA D  |
| (vii)  | Prohibition of Sales to EEA and UK Retail Investors: | Not Applicable  |
| (viii) | Prohibition of Sales to Belgian Consumers            | Applicable  |
| (ix)   | Relevant Benchmark:                                  | Not Applicable  |