

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.

16 September 2022

ARION BANK HF

(the **Bank**)

Legal Entity Identifier (LEI): RIL4VBPDB0M7Z3KXS19

**Issue of EUR300,000,000 4.875 per cent. Senior Preferred Unsecured Green
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 2 September 2022 which constitutes 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>).

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| 1. | (a) Series Number | 31 |
| | (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:	99.880 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:	21 September 2022
	(b) Interest Commencement Date:	Issue Date
7.	Maturity Date:	21 December 2024
8.	Interest Basis:	4.875 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:	Issuer Residual Call <i>(see paragraph 20 below)</i>
12.	Status of Notes:	Senior Preferred
(i)	Unrestricted Events of Default	Not Applicable – Condition 8.2 applies

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

13.	Fixed Rate Note Provisions	Applicable
	(a) Rate(s) of Interest:	4.875 per cent. per annum payable in arrear on each Interest Payment Date
	(b) Interest Payment Date(s):	21 December in each year commencing on 21 December 2022 (with a short first coupon payable on 21 December 2022 (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	EUR48.75 per Calculation Amount other than in respect of the Fixed Interest Period from (and including) the Interest

	relation to Notes in global form see Conditions)	Commencement Date to (but excluding) 21 December 2022, as to which see paragraph 13(d) below
(d)	Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions)	In respect of the Short First Coupon, EUR12.15 per Calculation Amount, payable on the Interest Payment Date falling on 21 December 2022
(e)	Day Count Fraction:	Actual/Actual (ICMA)
(f)	Determination Date(s):	21 December in each year
14.	Inflation Linked Amortising Notes	Not Applicable
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

19.	Issuer Call:	Not Applicable
20.	Issuer Residual Call	Applicable
(a)	Residual Call Early Redemption Amount:	EUR1,000 per Calculation Amount
(b)	Notice periods (if other than as set out in the Conditions):	As specified in the Conditions.
21.	Final Redemption Amount:	EUR1,000 per Calculation Amount
22.	Early Redemption Amount payable upon the occurrence of a Tax Event or a MREL Disqualification Event or following an Event of Default:	EUR1,000 per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

23.	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

24. Additional Financial Centre(s): Not Applicable

25. 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 Moody's, 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 Moody's, 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

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's regulated market and listed on the Official List of the Luxembourg Stock Exchange with effect from 21 September 2022 |
| (ii) | Estimate of total expenses related to admission to trading: | EUR2,600 |

2. RATINGS

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

Baa1 by Moody's Investors Ltd. (**Moody's**).

Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category.

(Source:
https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_79004)

Moody's is established in the United Kingdom and is registered under Regulation (EC) No. 1060/2009 as it forms part of part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018. The ratings issued by Moody's have been endorsed by Moody's Deutschland GmbH (**Moody's Deutschland**) in accordance with the CRA Regulation and have not been withdrawn. Moody's Deutschland is established in the EEA

and registered under the CRA Regulation.

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: An amount equal to the net proceeds of the issue of the Notes shall be used for green purposes (as described in the Base Prospectus) and therefore the Notes are Green Notes, as described, and as this term is defined, in the Base Prospectus.
- (ii) Estimated net proceeds: EUR298,740,000

5. YIELD

Indication of yield: 4.943 per cent. per annum

6. OPERATIONAL INFORMATION

- (i) ISIN: XS2498976047
- (ii) Common Code: 249897604
- (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

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| (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

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| (i) | Method of distribution: | Syndicated |
| (ii) | If syndicated, names of Managers: | BofA Securities Europe SA
Citigroup Global Markets Europe AG
J.P. Morgan SE
Nomura Financial Products Europe GMBH |
| (iii) | Date of Subscription Agreement: | 16 September 2022 |
| (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 D |
| (vii) | Prohibition of Sales to EEA Retail Investors: | Not Applicable |
| (viii) | Prohibition of Sales to UK Retail Investors. | Not Applicable |
| (ix) | Prohibition of Sales to Belgian Consumers | Applicable |
| (x) | Relevant Benchmark: | Not Applicable |