

MIFID II product governance/Professional investors and ECPs only target market – Solely for the purposes of the 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 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 manufacturer's 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 manufacturer's target market assessment) and determining appropriate distribution channels.

APPLICABLE FINAL TERMS

16 March 2023

ARION BANK HF

Legal Entity Identifier (LEI): RIL4VBPDB0M7Z3KXSF19

Issue of NOK 200,000,000 Senior Preferred Notes due March 2025 under the €3,000,000,000 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>).

1. (a) Series Number: 35
- (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 200,000,000
 - (b) Tranche: NOK 200,000,000
4. Issue Price: 100.00 per cent. of the Aggregate Nominal Amount

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| 5. | (a) Specified Denominations: | NOK 2,000,000 and integral multiples of 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: | 21 March 2023 |
| | (b) Interest Commencement Date: | Issue Date |
| 7. | Maturity Date: | Interest Payment Date falling in or nearest to 21 March 2025 |
| 8. | Interest Basis: | 3-months NIBOR+ 2.55 per cent. Floating Rate (see paragraph 15 below) |
| 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: | Senior Preferred |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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| 13. | Fixed Rate Note Provisions | Not Applicable |
| 14. | Fixed Reset Provisions: | Not Applicable |
| 15. | Floating Rate Note Provisions | Applicable |
| | (a) Specified Period(s)/Specified Interest Payment Dates: | Interest will be payable quarterly on 21 March, 21 June 21 September and 21 December each year, commencing on 21 June 2023, up to and including the Maturity Date, subject to adjustment in accordance with the Business Day Convention set out in (b) below |
| | (b) Business Day Convention: | Modified Following Business Day Convention |
| | (c) Additional Business Centre(s): | Not Applicable |
| | (d) Manner in which the Rate of Interest and Interest Amount is to be determined: | Screen Rate Determination |
| | (e) Party responsible for calculating the Rate of Interest | Not Applicable |

and Interest Amount (if not the Fiscal Agent):

- (f) Screen Rate Determination:
 - (i) Reference Rate: 3 month NIBOR
 - (ii) Interest Determination Date(s): Second Oslo Business Day prior to the start of each Interest Period
 - (iii) Relevant Screen Page: Refinitiv screen page "OIBOR"
 - (g) ISDA Determination: Not Applicable
 - (h) Linear Interpolation: Not Applicable
 - (i) Margin(s): +2.55 per cent. per annum
 - (j) Minimum Rate of Interest: Not Applicable
 - (k) Maximum Rate of Interest: Not Applicable
 - (l) Day Count Fraction: Actual/360
16. Zero Coupon Note Provisions Not Applicable

PROVISIONS RELATING TO REDEMPTION

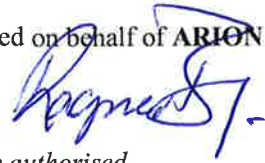
- 17. Issuer Call: Not Applicable
- 18. Issuer Residual Call: Not Applicable
- 19. Final Redemption Amount: NOK 1,000,000 per Calculation Amount
- 20. Early Redemption Amount payable on redemption for taxation reasons, upon the occurrence of a Capital Event or a MREL Disqualification Event or following an Event of Default: NOK 1,000,000 per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 21. 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: No
- 22. Additional Financial Centre(s): Oslo and London
- 23. 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's regulated market with effect from the Issue Date. |
| (ii) | Estimate of total expenses related to admission to trading: | EUR 1950 |

2. RATINGS

Ratings: The Notes to be issued will not be rated.

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

Save for any fees payable to the Manager, so far as the Bank is aware, no person involved in the issue of the Notes has an interest material to the offer. The Manager and its affiliate 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

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| (i) | Reasons for the offer: | See "Use of Proceeds" in the Base Prospectus |
| (i) | Estimated net proceeds: | NOK 199,880,000.00 |

5. YIELD

Indication of yield: Not Applicable

6. OPERATIONAL INFORMATION

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| (i) | ISIN: | XS2600258136 |
| (ii) | Common Code: | 260025813 |
| (iii) | CFI Code: | DTVXFB, as updated, 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: | ARION BANKI HF/VAREMTN 20250300, as updated, 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 |

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| (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) or, in the case of ISD Notes, the ISD Agent: | Not Applicable |
| (viii) | 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 European Central Bank being satisfied that Eurosystem eligibility criteria have been met. |

7. 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 |
| (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 |