

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (EEA). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the Insurance Mediation Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**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.

## FINAL TERMS

4 March 2019

### ARION BANK HF

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

**Issue of EUR 5,000,000 Fixed Reset Subordinated Callable Notes due 2031  
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 10 July 2018 and the supplement to it dated 6 November 2018 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](http://www.bourse.lu)).

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|----|-----|-----------------|----|
| 1. | (a) | Series Number:  | 20 |
|    | (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: Euro (EUR)
3. Aggregate Nominal Amount:
- (a) Series: EUR 5,000,000
- (b) Tranche: EUR 5,000,000
4. Issue Price: 98.933 per cent. of the Aggregate Nominal Amount
5. (a) Specified Denominations: EUR 100,000
- (b) Calculation Amount (in relation to calculation of interest in global form see Conditions): EUR 100,000
6. (a) Issue Date: 6 March 2019
- (b) Interest Commencement Date: Issue Date
7. Maturity Date: 6 March 2031
8. Interest Basis: Fixed Reset  
(see paragraph 14 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: Issuer Call  
(see paragraph 17 below)
12. Status of Notes: Subordinated

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

13. Fixed Rate Note Provisions: Not Applicable
14. Fixed Reset Provisions: Applicable
- (i) Initial Interest Rate: 3.24 per cent. per annum payable annually in arrear on each Interest Payment Date

- (ii) Interest Payment Date(s): 6 March in each year up to and including the Maturity Date
  - (iii) Fixed Coupon Amount to (but excluding) the First Reset Date for Notes in definitive form (and in relation to Notes in global form see Conditions): EUR 3,240.00 per Calculation Amount
  - (iv) Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): Not Applicable
  - (v) Day Count Fraction: Actual/Actual (ICMA)
  - (vi) Determination Date: 6 March in each year
  - (vii) Reset Date: 6 March 2026
  - (viii) Subsequent Reset Date(s): Not Applicable
  - (ix) Reset Margin: 3.03 per cent. per annum
  - (x) Relevant Screen Page: Bloomberg Screen ICAE1 Page under the caption "ICAP EMEA – Country – UK, LONDON – EUR Swaps & MM – Interest Rate Swaps".
  - (xi) Floating Leg Reference Rate: 6 month EURIBOR
  - (xii) Floating Leg Screen Page: Reuters Page: EURIBOR01
  - (xiii) Initial Mid-Swap Rate: 0.384 per cent. per annum (quoted on an annual basis)
15. Floating Rate Note Provisions: Not Applicable
16. Zero Coupon Note Provisions: Not Applicable

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

17. Issuer Call: Applicable
- (a) Optional Redemption Date: 6 March 2026
  - (b) Optional Redemption Amount: EUR 100,000 per Calculation Amount
  - (c) If redeemable in part:
    - (i) Minimum Redemption Amount: Not Applicable


- (ii) Maximum Redemption Amount: Not Applicable
- (d) Notice periods: Minimum period: 30 days  
Maximum period: 60 days
18. Final Redemption Amount: EUR 100,000 per Calculation Amount
19. Early Redemption Amount payable on redemption for taxation reasons, upon the occurrence of a Capital Event or on an event of default: EUR 100,000 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): London, Reykjavík
22. Talons for future Coupons to be attached to Definitive Notes: No

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

By:   
Duly authorised **Stefán Pétursson**  
**CFO**

By:   
Duly authorised **Eiríkur Magnús Jensson**  
**Head of Funding**  
**Arion Bank**

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- |      |   |                |
|------|---|----------------|
| (i)  | Listing and Admission to trading:                           | Not Applicable |
| (ii) | Estimate of total expenses related to admission to trading: | Not Applicable |

### 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 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

Indication of yield: 3.414 per cent. per annum to (but excluding) the First Reset Date

### 5. OPERATIONAL INFORMATION

- |       |  |                |
|-------|--|----------------|
| (i)   | ISIN:  | XS1956998956   |
| (ii)  | Common Code:   | 195699895      |
| (iii) | CFI:   | Not Available  |
| (iv)  | FISN   | Not Available  |
| (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 ECB being satisfied that Eurosystem eligibility criteria have been met. |

## 6. DISTRIBUTION

- |        |   |  |
|--------|---|--|
| (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:   | Landesbank Baden-Württemberg   |
| (vi)   | U.S. Selling Restrictions:                    | Reg. S Compliance Category 2; TEFRA D  |
| (vii)  | Prohibition of Sales to EEA Retail Investors: | Applicable   |
| (viii) | Prohibition of Sales to Belgian Consumers:    | Applicable   |
| (ix)   | Relevant Benchmark:                           | “ICAP EMEA – Country – UK, LONDON – EUR Swaps & MM – Interest Rate Swaps” is provided by ICAP plc. As at the date hereof, ICAP plc does not appear in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of Regulation (EU) No. 2016/1011 (the <b>Benchmarks Regulation</b> ). As far as the Bank is aware, as at the date hereof, the transitional provisions in Article 51 of the Benchmarks Regulation apply, |

such that ICAP plc is not currently required to obtain authorisation/registration (or, if located outside the European Union, recognition, endorsement or equivalence).

