

APPLICABLE FINAL TERMS

8 March 2024

ARION BANK HF

Legal Entity Identifier (LEI): RIL4VBPDB0M7Z3KXSF19

**Issue of ISK 1,220,000,000 5.50 per cent Fixed Rate Covered Bonds due October 2027
under the €3,000,000,000
Covered Bond Programme**

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus dated 9 February 2012, 23 August 2013, 5 December 2014, 18 December 2015, 23 December 2016, 5 January 2018, 8 January 2019, 9 January 2020, 16 July 2021 and 12 October 2022 which are incorporated by reference in the Base Prospectus dated 14 December 2023. This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus dated 14 December 2023 [and the supplement to it dated [date]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation, including the Conditions incorporated by reference in the Base Prospectus, in order to obtain all the relevant information. Copies of such Base Prospectus and Final Terms are available for viewing at Borgartúni 19, 105 Reykjavík, Iceland and on the Luxembourg Stock Exchange's website at <https://www.luxse.com/> and copies may be obtained from the registered office of the Issuer and from the specified office of the Agent in London.

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| 1. | (a) | Series Number: | 12 |
| | (b) | Tranche Number: | 10 |
| | (c) | Series which Covered Bonds will be consolidated and form a single Series with: | ISK 3,220,000,000 Fixed Rate Covered Bonds due October 2027 issued on 12 May 2022 |
| | (d) | Date on which the Covered Bonds will be consolidated and form a single Series with the Series specified above: | 13 March 2024 |
| | (e) | Trade Date | 6 March 2024 |
| 2. | | Specified Currency or Currencies: | ISK |
| 3. | | Aggregate Nominal Amount: | |
| | – | Tranche: | 1,220,000,000 |
| | – | Series: | 48,840,000,000 |
| 4. | | Issue Price: | 92.4247% of the Aggregate Nominal Amount |
| 5. | (a) | Specified Denominations: | ISK 20,000,000 |

	(b)	Calculation Amount	ISK 20,000,000
6.	(a)	Issue Date:	13 March, 2024
	(b)	Interest Rate:	Fixed Rate
	(c)	Interest Commencement Date:	Issue Date
7.		Maturity Date:	Interest Payment Date falling in or nearest to 12 October 2027
8.		Extended Final Maturity Date:	Interest Payment Date falling in or nearest to 12 October 2028
9.		Interest Basis:	See paragraph 17 below
10.		Redemption/Payment Basis:	Subject to any purchase or cancellation or early redemption, if any, the Covered Bonds will be redeemed on the Maturity Date or Extended Maturity Date (as applicable) at 100 per cent. of their then outstanding nominal amount, plus accrued but unpaid interest.
11.		Change of Interest Basis:	Not applicable
12.		Put/Call Options:	Not Applicable
13.		Date Board approval for issuance of Covered Bonds obtained:	21 June 2023
14.		Method of distribution:	Non-syndicated
15.		Name and address of the Calculation Agent	Arion Bank hf. Borgartún 19, 105 Reykjavík, Iceland

PROVISIONS RELATING TO INFLATION LINKED COVERED BONDS

16.		Inflation Linked Covered Bond Provisions	Not Applicable
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PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17.		Fixed Rate Covered Bond Provisions	Applicable
	(a)	Rate(s) of Interest:	5.50 per cent. per annum payable semi-annually in arrear on each Interest Payment Date

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| (b) | Interest Payment Date(s): | 12 April and 12 October in each year up to and including the Final Maturity Date as applicable |
| (c) | Fixed Coupon Amount(s): | Not Applicable |
| | <i>(Applicable to Covered Bonds in definitive form)</i> | |
| (d) | Broken Amount(s): | Not Applicable |
| | <i>(Applicable to Covered Bonds in definitive form)</i> | |
| (e) | Day Count Fraction: | 30/360 |
| (f) | Determination Date(s): | Not Applicable |
| 18. | Floating Rate Covered Bond Provisions | Not Applicable |
| 19. | Zero Coupon Covered Bond Provisions | Not Applicable |
| 20. | Inflation Linked Non-Amortising Covered Bond Provisions | Not Applicable |

PROVISIONS RELATING TO REDEMPTION

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| 21. | Issuer Call | Not Applicable |
| 22. | Investor Put | Not Applicable |
| 23. | Final Redemption Amount of each Covered Bond | ISK 20,000,000 per Covered Bond of ISK 20,000,000 Specified Denomination |
| 24. | Early Redemption Amount of each Covered Bond payable on redemption for taxation reasons: | As set out in Condition 8.7(b) |
| 25. | Relevant Percentage: | As at the Issue Date 1.4 per cent |

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

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| 26. | Form of Covered Bonds: | ISD Covered Bonds

ISD Covered Bonds issued in uncertificated and dematerialised book entry form. See further item 7 of Part B below. |
| 27. | New Global Covered Bond: | No |
| 28. | Additional Financial Centre(s): | Not Applicable |
| 29. | Talons for future Coupons or Receipts to be attached to definitive Covered Bonds in bearer form (and dates on which such Talons mature): | No |

30. Details relating to Instalment Covered Bonds; amount of each instalment, date on which each payment is to be made: Not Applicable
31. Redenomination: Redenomination not applicable

DISTRIBUTION

32. (a) If syndicated, names of Managers: Not Applicable
- (b) Date of Subscription Agreement: Not Applicable
- (c) Stabilising Manager(s) (if any): Not Applicable
33. If non-syndicated, name of Dealer: Arion Bank hf.
34. U.S. Selling Restrictions: Reg. S Category 2; TEFRA C
35. Prohibition of Sales to EEA Retail Investors: Not Applicable
36. Prohibition of Sales to UK Retail Investors: Applicable.
37. Prohibition of Sales to Belgian Consumers: Applicable
38. Relevant Benchmark: Not Applicable

PART B – OTHER INFORMATION

- 1. LISTING AND ADMISSION TO TRADING**

Application has been made by the Issuer (or on its behalf) for the Covered Bonds to be admitted to trading on the NASDAQ Iceland hf. (the Icelandic Stock Exchange) and listing on the Regulated Market of the NASDAQ Iceland hf. with effect from or prior to the first Interest Payment Date.

Estimate of total expenses related to admission to trading: ISK 115,000
- 2. RATINGS**

Ratings: The Covered Bonds to be issued have not been rated.
- 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

Save for any fees payable to the Dealer, so far as the Issuer is aware, no person involved in the issue of the Covered Bonds 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 Issuer and its affiliates in the ordinary course of business.
- 4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

(i) Reasons for the offer: As set out in "Use of Proceeds" in the Prospectus

(ii) Estimated net proceeds: ISK 1,127,581,340
- 5. YIELD (FIXED RATE COVERED BONDS ONLY)**

Indication of yield: 8.13% per annum
- 6. PERFORMANCE OF FORMULA/CPI, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING (*INFLATION LINKED COVERED BONDS AND INFLATION LINKED NON AMORTISING COVERED BONDS ONLY*)**

Not Applicable
- 7. OPERATIONAL INFORMATION**

(i) ISIN Code: IS0000034098

(ii) Common Code: Not Applicable

- (iii) CFI: DBFSFR, 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/5.5 BD 20271012, 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
- (v) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme (together with the address of each such clearing system) and the relevant identification number(s): Nasdaq CSD, Iceland branch, Laugavegur 182, 105 Reykjavik, Iceland (ISD).
- (vi) Delivery: Delivery free of payment
- (vii) Names and addresses of additional Paying Agent(s) (if any) or, in the case of ISD Covered Bonds, the ISD Agent: Arion Bank hf.
Borgartún 19, 105 Reykjavík, Iceland
- (viii) Deemed delivery of clearing system notices for the purposes of Condition 14 (*Notices*): Any notice delivered to Covered Bondholders through the clearing systems will be deemed to have been given on the second business day after the day on which it was given to Euroclear, and Clearstream, Luxembourg and ISD.
- (ix) Intended to be held in a manner which would allow Eurosystem eligibility: No.

Signed on behalf of the Issuer:

By:

Duly authorised signatory

Undirritunarsíða

Kristín Erla Jónsdóttir

Eiríkur Dór Jónsson