

FINAL TERMS

29 June 2023

ARION BANK HF

Legal Entity Identifier (LEI): RIL4VBPDB0M7Z3KXSF19

**Issue of ISK 6,000,000,000 Inflation Linked Covered Bonds due November 2030
under the €2,000,000,000
Covered Bond Programme**

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 12 October 2022 [and the supplement[s] to it dated [date] [and [date]]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation. 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 in order to obtain all the relevant information. The Base Prospectus and the Final Terms are available for viewing at Borgartún 19, 105 Reykjavík, Iceland and on the Luxembourg Stock Exchange's website at www.bourse.lu and 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: | 13 |
| | (b) | Tranche Number: | 1 |
| | (c) | Series which Covered Bonds will be consolidated and form a single Series with: | Not Applicable |
| | (d) | Date on which the Covered Bonds will be consolidated and form a single Series with the Series specified above: | Not Applicable |
| | (e) | Trade Date: | 28 June 2023 |
| 2. | | Specified Currency or Currencies: | ISK |
| 3. | | Aggregate Nominal Amount: | |
| | (a) | Tranche: | 6,000,000,000 |
| | (b) | Series: | 6,000,000,000 |
| 4. | | Issue Price: | 99.4758% of the Aggregate Nominal Amount |
| 5. | (a) | Specified Denominations: | ISK 20,000,000 |
| | (b) | Calculation Amount | ISK 20,000,000 |

6. (a) Issue Date: 5 July 2023
- (b) Interest Rate: Inflation Linked
- (c) Interest Commencement Date: Issue Date
7. Maturity Date: Interest Payment Date falling on or nearest to 5 November 2030
8. Extended Final Maturity Date: Interest Payment Date falling in or nearest to 5 November 2033
- (If an Extended Final Maturity Date is specified and the Final Redemption Amount is not paid in full on the Maturity Date, payment of the unpaid amount will be automatically deferred until the Extended Final Maturity Date, provided that any amount representing the Final Redemption Amount due and remaining unpaid on the Maturity Date may be paid by the Issuer on any Interest Payment Date occurring thereafter up to (and including) the relevant Extended Final Maturity Date. See Condition **Error! Reference source not found.**)*
9. Interest Basis: See paragraph 20 below
10. Redemption/Payment Basis: Inflation linked redemption in accordance with item 16 below, and Conditions **Error! Reference source not found.** and **Error! Reference source not found.**
11. Change of Interest Basis: Not applicable
12. Put/Call Options: Not Applicable
13. Date of 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

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

17.	Fixed Rate Covered Bond Provisions	Not Applicable
18.	Floating Rate Covered Bond Provisions	Not Applicable
19.	Zero Coupon Covered Bond Provisions¹	Not Applicable
20.	Inflation Linked Non-Amortising Covered Bond Provisions	Applicable
(a)	Rate(s) of Interest:	2.75 per cent. per annum payable semi-annually in arrear
(b)	Interest Payment Date(s):	5 May and 5 November in each year up to and including the Final Maturity Date
(c)	Base Index:	591.267, being the value of the CPI on 5 July 2023
(d)	Day Count Fraction:	30/360

PROVISIONS RELATING TO REDEMPTION

21.	Issuer Call	Not Applicable
22.	Investor Put:	Not Applicable
23.	Final Redemption Amount of each Covered Bond	In accordance with Condition Error! Reference source not found. 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 Error! Reference source not found.
25.	Relevant Percentage:	As at the Issue Date, 2.6 per cent.

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

26.	Form of Covered Bonds:	CSD Covered Bonds
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CSD Covered Bonds issued in uncertificated and dematerialised book entry form. See further item 7 of Part B below.

27. New Global Covered Bond: Not Applicable
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. Redenomination: Redenomination not applicable

DISTRIBUTION

31. (a) If syndicated, names of Managers: Not Applicable
- (b) Date of Subscription Agreement: Not Applicable
- (c) Stabilisation Manager(s) (if any): Not Applicable

32. If non-syndicated, name of Dealer: Arion Bank hf.

33. U.S. Selling Restrictions: Reg. S Category 2; TEFRA C

34. Prohibition of Sales to EEA Retail Investors: Not Applicable

(If the Covered Bonds may constitute "packaged" products and no key information document will be prepared, sales of such Covered Bonds to UK Retail Investors should be prohibited and, therefore, "Applicable" should be specified.)

(If the Covered Bonds clearly do not constitute "packaged" products or the Covered Bonds do constitute "packaged" products and a key information document will be prepared in the UK, sales of such Covered Bonds to UK Retail Investors do not need to be prohibited and, therefore, "Not Applicable" should be specified).

35. Prohibition of Sales to UK Retail Investors: Applicable

(N.B. advice should be taken from Belgian counsel before disapplying this selling restriction)

36. Prohibition of Sales to Belgian Consumers: Applicable
37. Relevant Benchmark: Not Applicable

PART B – OTHER INFORMATION

1. ADMISSION TO TRADING

Application has been made by the Issuer (or on its behalf) for the [Covered Bonds/CSD Covered Bonds] to be admitted to trading on [the Regulated Market of the Nasdaq Iceland Main Market] with effect from or prior to the first Interest Payment Date.

Estimate of total expenses related to admission to trading: 710,000

2. RATINGS

Ratings: The Covered Bonds to be issued have not been rated

INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable to the /Dealers, 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 Dealers 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 Issuer and its affiliates in the ordinary course of business

REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

(i) Reasons for the offer	See “ Error! Reference source not found. ” in the Base Prospectus
(ii) Estimated net proceeds:	5,968,548,000

YIELD (FIXED RATE COVERED BONDS ONLY)

Indication of yield: 2.85%

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

OPERATIONAL INFORMATION

- (iii) ISIN Code: IS0000035343
- (iv) Common Code:
- (v) CFI: DBFSFR, 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
- (vi) FISN: ARION BANKI HF/2.75 BD 20301105, 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
- (vii) 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 /Verðbréfamiðstöð Íslands CSD (the **CSD**). The Issuer shall be entitled to obtain certain information from the register maintained by the CSD for the purpose of performing its obligations under the issue of CSD Covered Bonds. The CSD Agent shall be entitled to obtain such information as is required to perform its duties under the Conditions of the Covered Bonds and rules and regulations of, and applicable to, the CSD.
- (viii) Delivery: Delivery free of payment
- (ix) Names and addresses of additional Paying Agent(s) (if any) or, in the case of CSD Covered Bonds, the CSD Agent: Arion Bank hf.
Borgartún 19, 105 Reykjavík
- (x) Deemed delivery of clearing system notices for the purposes of Condition **Error! Reference source not found. (Error! Reference source not found.)**: 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 CSD.
- (xi) 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