

SUPPLEMENT DATED 2 MAY 2024 TO THE BASE PROSPECTUS DATED 16 OCTOBER 2023



Arion Bank hf.

(Incorporated with limited liability in Iceland)

€3,000,000,000

Euro Medium Term Note Programme

This Supplement (the **Supplement**) to the base prospectus dated 16 October 2023 (the **Base Prospectus**) which comprises a base prospectus for the purposes of the Prospectus Regulation constitutes a supplement to the prospectus for the purposes of Article 23(1) of the Prospectus Regulation and is prepared in connection with the €3,000,000,000 Euro Medium Term Note Programme (the **Programme**) established by Arion Bank hf. (the **Bank**). Terms defined in the Base Prospectus have the same meaning when used in this Supplement. When used in this Supplement, **Prospectus Regulation** means Regulation (EU) 2017/1129.

This *Commission de Surveillance du Secteur Financier* (the **CSSF**) of the Grand Duchy of Luxembourg in its capacity as competent authority under the Prospectus Regulation has approved this Supplement as a supplement within the meaning of Article 23(1) of the Prospectus Regulation. The CSSF only approves this Supplement as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the CSSF should not be considered as an endorsement of the Bank or of the quality of the Notes that are the subject of the Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

This Supplement is supplemental to, and should be read in conjunction with, the Base Prospectus and any other supplements to the Base Prospectus issued by the Bank from time to time.

The Bank accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Bank the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Purpose of the Supplement

The purpose of this supplement is to (i) incorporate by reference specified pages of the 2023 Year End Financial Statements and the 2023 Year End Factbook into the Base Prospectus; (ii) incorporate by reference specified pages of the Q1 2024 Interim Financial Statements and the Q1 2024 Factbook into the Base Prospectus; (iii) update the “Key Financial Indicators” section of the Base Prospectus; and (iv) include a new “Significant or Material Change” statement.

Audited Consolidated Annual Financial Statements for the financial year ended 31 December 2023

The section entitled "*Documents Incorporated by Reference*" on pages 62 to 65 of the Base Prospectus shall be updated as set out below.

On 7 February 2024 the Bank published its audited consolidated annual financial statements (including the auditor’s report thereon) for the financial year ended 31 December 2023 (the **2023 Year End Financial Statements**), together with the "Arion Bank Factbook – 31 December 2023" (the **2023 Year End Factbook**).

A copy of each of the 2023 Year End Financial Statements and 2023 Year End Factbook has been filed with the *Commission de Surveillance du Secteur Financier*.

By virtue of this Supplement, the following information contained in the 2023 Year End Financial Statements, and set out at the pages below, is incorporated by reference in, and form part of, the Base Prospectus (available at: <https://wwwv2.arionbanki.is/library/skrar/English/About-the-Bank/Investor-Relations/Financial-information/Financial-Statements/2023/Arion%20Bank%20Consolidated%20Financial%20Statements%202023.pdf>):

Independent Auditors' Report	Pages 12 to 14
Consolidated Income Statement.....	Page 15
Consolidated Statement of Comprehensive Income.....	Page 16
Consolidated Statement of Financial Position	Page 17
Consolidated Statement of Changes in Equity.....	Pages 18 to 19
Consolidated Statement of Cash Flows....	Page 20
Notes.....	Pages 21 to 95

The non-incorporated parts of the 2023 Year End Financial Statements which, for the avoidance of doubt, are not included in the cross-reference list above, are either deemed not relevant for an investor or are otherwise covered elsewhere in the Base Prospectus.

By virtue of this Supplement, the following information contained in the 2023 Year End Factbook, and set out at the pages below, is incorporated by reference in, and form part of, the Base Prospectus (available at: <https://wwwv2.arionbanki.is/library/skrar/English/About-the-Bank/Investor-Relations/Financial-information/Financial-Statements/2023/Q4%202023%20Arion%20Bank%20Factbook.pdf>):

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The non-incorporated parts of the 2023 Year End Factbook which, for the avoidance of doubt, are not included in the cross-reference list above, are either deemed not relevant for an investor or are otherwise covered elsewhere in the Base Prospectus.

Unaudited Interim Consolidated Financial Statements for the three month period ended 31 March 2024

The section entitled "*Documents Incorporated by Reference*" on pages 62 to 65 of the Base Prospectus shall be updated as set out below.

On 30 April 2024 the Bank published its unaudited interim consolidated financial statements for the three month period ended 31 March 2024 (the **Q1 2024 Interim Financial Statements**), together with the "Arion Bank Factbook – 31 March 2024" (the **Q1 2024 Factbook**).

A copy of each of the **Q1 2024 Interim Financial Statements** and the **Q1 2024 Factbook** has been filed with the *Commission de Surveillance du Secteur Financier*.

By virtue of this Supplement, the following information contained in the Q1 2024 Interim Financial Statements, and set out at the pages below, is incorporated by reference in, and forms part of, the Base Prospectus (available at: <https://wwwv2.arionbanki.is/library/skrar/English/About-the-Bank/Investor-Relations/Financial-information/Financial-Statements/2024/Q1%202024%20Arion%20Bank%20Interim%20Financial%20Statements.pdf>):

[Relations/Financial-information/Financial-Statements/2024/Arion%20Bank%20-%20Condensed%20Consolidated%20Interim%20Financial%20Statements%2031%20March%202024.pdf](https://www.arionbanki.is/library/skrar/English/About-the-Bank/Investor-Relations/Financial-information/Financial-Statements/2024/Arion%20Bank%20-%20Condensed%20Consolidated%20Interim%20Financial%20Statements%2031%20March%202024.pdf)):

Consolidated Interim Income Statement.....	Page 8
Consolidated Interim Statement of Comprehensive Income.....	Page 9
Consolidated Interim Statement of Financial Position	Page 10
Consolidated Interim Statement of Changes in Equity.....	Pages 11 to 12
Consolidated Interim Statement of Cash Flows....	Page 13
Notes.....	Pages 14 to 69

The non-incorporated parts of the Q1 2024 Interim Financial Statements which, for the avoidance of doubt, are not included in the cross-reference list above, are either deemed not relevant for an investor or are otherwise covered elsewhere in the Base Prospectus.

By virtue of this Supplement, the following information contained in the Q1 2024 Factbook, and set out at the pages below, is incorporated by reference in, and form part of, the Base Prospectus (available at: <https://www2.arionbanki.is/library/skrar/English/About-the-Bank/Investor-Relations/Financial-information/Financial-Statements/2024/Q1%202024%20Arion%20Bank%20Factbook.pdf>):

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The non-incorporated parts of the Q1 2024 Factbook which, for the avoidance of doubt, are not included in the cross-reference list above, are either deemed not relevant for an investor or are otherwise covered elsewhere in the Base Prospectus.

A copy of this Supplement may be obtained from <https://www.arionbanki.is/english/about-us/investor-relations/debt-investors/funding-programmes-and-prospectuses/#Tab1>. A copy of this Supplement may also be obtained from the Luxembourg Stock Exchange's website at www.luxse.com. Copies of all documents incorporated by reference in the Base Prospectus and in the Supplement can be obtained from the Luxembourg Stock Exchange's website at www.luxse.com. Copies of documents incorporated by reference in the Base Prospectus can be viewed electronically free of charge at <https://www.arionbanki.is/>.

Key Financial Indicators

By virtue of this Supplement, the table on page 173 of the Base Prospectus containing certain of the Bank's key financial indicators for the six month period ended 30 June 2023 and the years ended 31 December 2022 and 31 December 2021 is replaced by the following table containing certain of the Bank's key financial indicators for the three month period ended 31 March 2024 and for the years ended 31 December 2023 and 31 December 2022.

The following table includes certain of the Bank's key financial indicators for the three month period ended 31 March 2024 and for the years ended 31 December 2023 and 2022. This information should not be considered in isolation from, or as a substitute for, financial information presented in the Q1 2024 Interim Financial Statements and the 2023 Year End Financial Statements (which are incorporated by reference into

the Base Prospectus) and should be read in conjunction with the Q1 2024 Interim Financial Statements and the 2023 Year End Financial Statements.

	As of and for the three month period ended	As of and for the year ended	
	31 March 2024	31 December 2023	31 December 2022*
	%	%	%
Profitability			
Return on equity ¹	9.1	13.6	14.1
Return on assets ²	1.2	1.7	1.8
Return on risk exposure amount ³	1.9	2.8	3.0
Net interest margin			
Net interest margin on interest bearing assets ⁴	3.1	3.1	3.1
Net interest margin on total assets ⁵	2.9	3.0	2.9
Efficiency			
Cost-to-income ratio ⁶	35.7	44.8	48.8
Cost-to-total assets ratio ⁷	1.3	1.9	1.9

¹ Return on equity is net earnings for the period as a percentage of average total equity (calculated as the average of the opening, quarter-end and closing balances for the applicable period). Return on equity is used as an alternative measure of performance of the Bank based on returns generated relative to equity and is a measure of the profits generated by the Bank from the equity of its shareholders. The higher this figure, the greater the profits of shareholders relative to their equity for the relevant period.

² Return on assets is net earnings for the period as a percentage of average total assets (calculated as the average of the opening, quarter-end and closing balances for the applicable period). Return on assets is used as an alternative measure of performance of the Bank based on returns generated relative to total assets and is a measure of the profits generated by the Bank from its assets. The higher this figure, the greater the profits from the Bank's assets for the relevant period.

³ Return on risk exposure amount is net earnings for the period as a percentage of average risk exposure amount (calculated as the average of the opening, quarter-end and closing balances for the applicable period). For the calculation of the risk exposure amount see the table setting out the different items comprising the risk-weighted exposure amount in Note 47 of the 2023 Year End Financial Statements. Return on risk exposure amount is used as an alternative measure of performance of the Bank based on returns generated relative to risk exposure amount and is a measure of the profits generated by the Bank from its risk exposure amount (which is a prudential measure by which the assets of the Bank are adjusted to give different weight to certain risk based considerations as a means to assess those assets relative to such risks). The higher this figure, the greater the profits from the Bank's risk exposure amounts for the relevant period, which can then be compared to return on assets above to assess the risk based return of the Bank relative to the total asset return.

⁴ Net interest margin on interest bearing assets is interest income on interest bearing assets less interest expense (i.e. net interest income) as a percentage of average interest bearing assets (calculated as the average of the opening, quarter-end and closing balances for the applicable period). Net interest income was ISK 11,245 for the three month period ended 31 March 2024, and ISK 44,685 million and ISK 40,201 million for the years ended 31 December 2023 and 2022, respectively. "Interest bearing assets" means the sum of cash and balances with Central Bank, loans to credit institutions, loans to customers and interest bearing financial instruments (which is made up of bonds and debt instruments (ISK 139,808 million as at 31 March 2024, ISK 157,197 million as at 31 December 2023 and ISK 138,174 million as at 31 December 2022), derivatives (ISK 9,333 million as at 31 March 2024, ISK 6,602 million as at 31 December 2023 and ISK 9,516 million as at 31 December 2022) and listed bonds and debt instruments used for economic hedging (ISK 2,195 million as at 31 March 2024, ISK 2,195 million as at 31 December 2023 and ISK 3,890 million as at 31 December 2022). See Note 23 of the Q1 2024 Interim Financial Statements and Note 24 of the 2023 Year End Financial Statements. Net interest margin on interest bearing assets is used as an alternative measure of performance of the Bank based on the Bank's net interest margin relative to its interest bearing assets and is a measure of the difference in the interest income generated by the Bank's interest bearing assets and its interest expense by reference to the average interest-bearing assets for the relevant period. The higher this figure, the greater the returns from the Bank's interest bearing assets for that period.

⁵ Net interest margin on total assets is net interest income as a percentage of average total assets (calculated as the average of the opening, quarter-end and closing balances for the applicable period). Net interest margin on total assets is used as an alternative measure of performance of the Bank based on the Bank's net interest margin relative to its total assets and is a measure of the difference in the interest income generated by the Bank's total assets and its interest expense by reference to the average total assets for the relevant period. The higher this figure, the greater the returns from the Bank's total assets for that period.

⁶ With respect to cost-to-income ratio, "cost" means salaries and related expense and other operating expense. "Income" means operating income. Cost-to-income ratio is used as an alternative measure of performance of the Bank based on the costs of the Bank relative to income generated and is a measure of the Bank's costs as compared with its income. The lower this figure, the lower the Bank's costs relative to its income.

⁷ With respect to cost-to-total assets ratio, "cost" means salaries and related expense and other operating expense. "Total assets" means total assets of the Bank as set out in the financial statements of the Bank (calculated as the average of the opening, quarter-end and closing balances for the applicable period). Cost-to-total assets ratio is used as an alternative measure of performance of the Bank based on the costs of the Bank relative to its total assets and is a measure of the Bank's costs as compared with its total assets. The lower this figure, the lower the Bank's costs relative to its total assets.

* Comparative figures as of and for the year ended 31 December 2022 have been restated in accordance with IFRS 17. See Notes 1 and 2 of 2023 Year End Financial Statements for further information.

General Information

The paragraph "Significant or Material Change" on page 207 of the Base Prospectus shall be deemed deleted and replaced with the following paragraph:

“Significant or Material Change

Since 31 March 2024, the last day of the financial period in respect of which the most recent unaudited interim financial statements of the Bank have been published, there has been no significant change in the financial performance or position of the Group, nor, since 31 December 2023, the last day of the financial period in respect of which the most recent audited financial statements have been published, save as disclosed in the above sections of this Base Prospectus, has there been any material adverse change in the prospects of the Bank.”.

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus since the publication of the Base Prospectus.