

**SUPPLEMENT DATED 26 FEBRUARY 2015 TO THE BASE PROSPECTUS DATED 23 APRIL 2014**



**Arion Bank**

*(incorporated with limited liability in Iceland)*

**€1,000,000,000**

**Euro Medium Term Note Programme**

This Supplement (the **Supplement**) to the base prospectus dated 23 April 2014 as supplemented on 10 June 2014, 8 September 2014 and 19 November 2014 (as so supplemented, the **Base Prospectus**) constitutes a prospectus supplement for the purposes of article 13 of Chapter 1 of Part II of the Luxembourg Act dated 10 July 2005 on prospectuses for securities, as amended (the **Prospectus Act**) and is prepared in connection with the €1,000,000,000 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.

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.

The Bank accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Bank (which has taken all reasonable care to ensure that such is the case) 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.

**Audited Consolidated Annual Financial Statements for the financial year ended 31 December 2014**

On 24 February 2015 the Bank published its audited consolidated annual financial statements (including the auditor's report thereon) for the financial year ended 31 December 2014 (the **2014 Year End Financial Statements**).

A copy of the 2014 Year End Financial Statements has been filed with the *Commission de Surveillance du Secteur Financier*.

By virtue of this Supplement, the following information contained in the 2014 Year End Financial Statements, and set out at the pages below, is incorporated by reference in, and forms part of, the Base Prospectus:

Consolidated Statement of Comprehensive Income...	Page 8
Consolidated Statement of Financial Position.....	Page 9
Consolidated Statement of Changes in Equity .....	Page 10
Consolidated Statement of Cash Flows.....	Pages 11 to 12
Notes .....	Pages 13 to 76

Significant Accounting Policies.....	Pages 66 to 76
Independent Auditor's Report .....	Page 7

The non-incorporated parts of the 2014 Year End Financial Statements are either deemed not relevant for an investor or are otherwise covered elsewhere in the Base Prospectus.

Copies of documents incorporated by reference in the Base Prospectus and copies of this Supplement can be obtained from the Luxembourg Stock Exchange's website at [www.bourse.lu](http://www.bourse.lu), from the registered office of the Bank and from the specified offices of the Paying Agents for the time being in London. Copies of documents incorporated by reference in the Base Prospectus can be viewed electronically free of charge at <http://www.arionbanki.is/>.

### **General Information**

The paragraph "Significant or Material Change" on page 125 of the Base Prospectus shall be deemed deleted and replaced with the following paragraph:

#### **"Significant or Material Change**

There has been no significant change in the financial position of the Group since 31 December 2014, and there has been no material adverse change in the prospects of the Bank since 31 December 2014."

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.