

Arion Bank hf. Announces Tender Offer for its €300,000,000 4.875% Senior Preferred Unsecured Green Notes due 2024

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THIS ANNOUNCEMENT RELATES TO THE DISCLOSURE OF INFORMATION THAT QUALIFIED OR MAY HAVE QUALIFIED AS INSIDE INFORMATION WITHIN THE MEANING OF ARTICLE 7(1) OF THE MARKET ABUSE REGULATION (EU) 596/2014

13 May 2024. Arion Bank hf. (the **Bank**) announces today its invitation to holders of its €300,000,000 4.875% Senior Preferred Unsecured Green Notes due 2024 (ISIN: XS2498976047) (the **Notes**) to tender any and all of their Notes for purchase by the Bank for cash (the **Offer**). The Offer is being made on the terms and subject to the conditions contained in the tender offer memorandum dated 13 May 2024 (the **Tender Offer Memorandum**) prepared by the Bank, and is subject to the offer restrictions set out below and as more fully described in the Tender Offer Memorandum.

Copies of the Tender Offer Memorandum are (subject to distribution restrictions) available from the Tender Agent as set out below. Capitalised terms used in this announcement but not defined have the meanings given to them in the Tender Offer Memorandum.

Rationale for the Offer

The Offer is being made as part of the Bank's commitment to the active management of its balance sheet.

Details of the Offer

A summary of certain of the terms of the Offer appears below:

Description of the Notes	ISIN / Common Code	Outstanding Nominal Amount	Purchase Price	Amount subject to the Offer
€300,000,000 4.875% Senior Preferred Unsecured Green Notes due 21 December 2024	XS2498976047 / 249897604	€300,000,000	100.70 per cent.	Any and all

The Bank will, on the Settlement Date, pay for Notes validly tendered and accepted by it for purchase pursuant to the Offer a cash purchase price equal to 100.70 per cent. of the nominal amount of the relevant Notes (the **Purchase Price**).

The Bank will also pay an Accrued Interest Payment in respect of any Notes accepted for purchase pursuant to the Offer.

New Financing Condition

The Bank is not under any obligation to accept for purchase any Notes tendered pursuant to the Offer. The acceptance for purchase by the Bank of Notes tendered pursuant to the Offer is at the sole discretion of the Bank and tenders may be rejected by the Bank for any reason.

In addition, the Bank announced on 13 May 2024 its intention to issue new euro-denominated fixed rate notes (the **New Notes**), subject to market conditions. Whether the Bank will accept for purchase Notes validly

tendered in the Offer is subject, without limitation, to the successful completion (in the sole determination of the Bank) of the issue of the New Notes (the **New Financing Condition**) or the waiver of the same.

Any investment decision to purchase any New Notes should be made solely on the basis of the information contained in (i) the base prospectus dated 16 October 2023, as supplemented by the supplement dated 2 May 2024 (as so supplemented, the **Base Prospectus**) prepared in connection with the €3,000,000,000 Euro Medium Term Note Programme of the Bank and (ii) the Final Terms relating to the New Notes and no reliance is to be placed on any representations other than those contained in the Base Prospectus.

Priority allocation of the New Notes

A Noteholder that wishes to subscribe for the New Notes in addition to tendering Notes for purchase pursuant to the Offer may receive priority (the **New Issue Priority**) in the allocation of the New Notes, subject to the issue of the New Notes and such Noteholder making a separate application for the purchase of such New Notes to a Dealer Manager (in its capacity as a manager of the issue of the New Notes) in accordance with the standard new issue procedures of such manager. When considering allocations of the New Notes, the Bank intends to give preference to those Noteholders who, prior to such allocation, have tendered, or indicated their intention to tender, Notes pursuant to the Offer. The aggregate principal amount of New Notes for which New Issue Priority will be given to such a Noteholder will be at the sole discretion of the Bank and may be less than or equal to the aggregate principal amount of Notes validly tendered or in respect of which a firm intention to tender has been indicated by such Noteholder in the Offer and accepted for purchase by the Bank. The Bank is not obliged to allocate the New Notes to an investor which has validly tendered or indicated a firm intention to tender the Notes pursuant to the Offer.

In the event that a Noteholder validly tenders Notes pursuant to the Offer, such Notes will remain subject to the conditions of the Offer as set out in the Tender Offer Memorandum irrespective of whether that Noteholder receives all, part or none of any allocation of New Notes for which it has applied.

Noteholders should note that the pricing and allocation of the New Notes are expected to take place prior to the Expiration Deadline for the Offer and any Noteholder that wishes to subscribe for New Notes in addition to tendering existing Notes for purchase pursuant to the Offer should therefore provide, as soon as practicable, to any Dealer Manager any indications of a firm intention to tender Notes for purchase pursuant to the Offer and the principal amount of Notes that it intends to tender in order for this to be taken into account as part of the New Notes allocation process.

Tender Instructions

In order to participate in, and be eligible to receive the Purchase Price and Accrued Interest Payment pursuant to, the Offer, Noteholders must validly tender their Notes by delivering, or arranging to have delivered on their behalf, a valid Tender Instruction that is received by the Tender Agent by 4.00 p.m. (London time) on 20 May 2024, unless extended, re-opened or terminated as provided in the Tender Offer Memorandum.

Tender Instructions will be irrevocable except in the limited circumstances described in the Tender Offer Memorandum.

Tender Instructions must be submitted in respect of a minimum nominal amount of Notes of no less than €100,000, being the minimum denomination of the Notes, and may be submitted in integral multiples of €1,000 thereafter.

No Pro Rata Scaling

If the Bank decides to accept valid tenders of Notes for purchase pursuant to the Offer, it will accept for purchase any and all of the Notes that are validly tendered, with no pro rata scaling.

Indicative Timetable for the Offer

Events

Times and Dates

(All times are London time)

Commencement of the Offer

Offer announced. Tender Offer Memorandum available from the Tender Agent.

Monday, 13 May 2024

Expiration Deadline

Final deadline for receipt of valid Tender Instructions by the Tender Agent in order for Noteholders to be able to participate in the Offer.

4.00 p.m. on
Monday, 20 May 2024

Announcement of Results

Announcement of whether the Bank will accept (subject to satisfaction or waiver of the New Financing Condition on or prior to the Settlement Date) valid tenders of Notes pursuant to the Offer and, if so accepted, the aggregate nominal amount of Notes accepted for purchase pursuant to the Offer.

As soon as reasonably practicable on Tuesday, 21 May 2024

Settlement Date

Subject to satisfaction or waiver of the New Financing Condition on or prior to the Settlement Date, expected Settlement Date for the Offer.

Wednesday, 22 May 2024

The Bank may, in its sole discretion, extend, re-open, amend, waive any condition of and/or terminate the Offer at any time (subject to applicable law and as provided in the Tender Offer Memorandum) and the above times and dates are subject to the right of the Bank to so extend, re-open, amend, waive any condition of and/or terminate the Offer.

Noteholders are advised to check with any bank, securities broker or other intermediary through which they hold Notes when such intermediary would need to receive instructions from a Noteholder in order for that Noteholder to be able to participate in, or (in the limited circumstances in which revocation is permitted) revoke their instruction to participate in, the Offer by the deadlines set out above. The deadlines set by any such intermediary and each Clearing System for the submission and withdrawal of Tender Instructions will be earlier than the relevant deadlines set out above and in the Tender Offer Memorandum.

Unless stated otherwise, announcements in connection with the Offer will be made via the Luxembourg Stock Exchange at www.bourse.lu. Such announcements may also be made by (i) the issue of a press release to a Notifying News Service and/or (ii) the delivery of notices to the Clearing Systems for communication to Direct Participants. Copies of all such announcements, press releases and notices can also be obtained upon request from the Tender Agent, the contact details for which are below. All documentation relating to the Offer and any amendments or supplements thereto will be available via the Tender Offer Website accessible at: <https://deals.is.kroll.com/arionbank>, subject to the "Offer and Distribution Restrictions" below. Significant delays may be experienced where notices are delivered to the Clearing Systems and Noteholders are urged to contact the Tender Agent for the relevant announcements during the course of the Offer. In addition, Noteholders may contact the Dealer Managers for information using the contact details below.

Noteholders are advised to read carefully the Tender Offer Memorandum for full details of and information on the procedures for participating in the Offer.

ABN AMRO Bank N.V., Barclays Bank Ireland PLC, J.P. Morgan SE and Morgan Stanley Europe SE are acting as Dealer Managers for the Offer and Kroll Issuer Services Limited is acting as Tender Agent.

Questions and requests for assistance in connection with the Offer may be directed to the Dealer Managers.

The Dealer Managers

ABN AMRO Bank N.V.
Gustav Mahlerlaan 10
1082 PP Amsterdam
The Netherlands

Attention: DCM Liability Management Group
Email: liabilitymanagement@nl.abnamro.com

Barclays Bank Ireland PLC
One Molesworth Street
Dublin 2
Ireland D02 RF29

Attention: Liability Management Group
Email: eu.lm@barclays.com

J.P. Morgan SE
Taunustor 1 (TaunusTurm)
60310 Frankfurt am Main
Germany

Email:
liability_management_EMEA@jpmorgan.com
Attention: EMEA Liability Management Group

Morgan Stanley Europe SE
Grosse Gallusstrasse 18
60312 Frankfurt-am-Main
Germany

Tel: +44 20 7677 5040
Email:
liabilitymanagementeuropa@morganstanley.com
Attention: Liability Management Team, Global
Capital Markets

Questions and requests for assistance in connection with the delivery of Tender Instructions may be directed to the Tender Agent.

The Tender Agent

Kroll Issuer Services Limited
The Shard
32 London Bridge Street
London
SE1 9SG
United Kingdom

Telephone: +44 (0) 20 7704 0880

Attention: Alessandro Zorza

Email: arionbank@is.kroll.com

Tender Offer Website: <https://deals.is.kroll.com/arionbank>

DISCLAIMER This announcement must be read in conjunction with the Tender Offer Memorandum. This announcement and the Tender Offer Memorandum contain important information which should be read carefully before any decision is made with respect to the Offer. If any Noteholder is in any doubt as to the action it should take, it is recommended to seek its own financial advice, including in respect of any tax consequences, from its broker, bank manager, solicitor, accountant or other independent financial, tax or legal adviser. Any individual or company whose Notes are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee must contact such entity if it wishes to tender such Notes pursuant to the Offer. None of the Bank, the Dealer Managers or the Tender Agent makes any recommendation whether Noteholders should tender Notes pursuant to the Offer.

This announcement is released by Arion Bank hf. and contains information that qualified or may have qualified as inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 (MAR), encompassing information relating to the Offer described above. For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is made by Ólafur Höskuldsson, Chief Financial Officer at Arion Bank hf.

The New Notes are not being, and will not be, offered or sold in the United States. Nothing in this announcement constitutes an offer to sell or the solicitation of an offer to buy the New Notes in the United States or any other jurisdiction. Securities may not be offered, sold or delivered in the United States absent registration under, or an exemption from the registration requirements of, the United States Securities Act of 1933, as amended (the **Securities Act**). The New Notes have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S of the United States Securities Act of 1933, as amended (each a **U.S. Person**)).

No action has been or will be taken in any jurisdiction in relation to the New Notes to permit a public offering of securities.

OFFER AND DISTRIBUTION RESTRICTIONS

The distribution of this announcement and the Tender Offer Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession this announcement and/or the Tender Offer Memorandum comes are required by each of the Bank, the Dealer Managers and the Tender Agent to inform themselves about, and to observe, any such restrictions. Neither this announcement nor the Tender Offer Memorandum constitutes an offer to buy or a solicitation of an offer to sell the Notes (and tenders of Notes in the Offer will not be accepted from Noteholders) in any circumstances in which such offer or solicitation is unlawful. In those jurisdictions where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer and any of the Dealer Managers or any of the Dealer Managers' respective affiliates is such a licensed broker or dealer in any such jurisdiction, the Offer shall be deemed to be made by such Dealer Manager or affiliate, as the case may be, on behalf of the Bank in such jurisdictions.

United States. The Offer is not being made, and will not be made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality of interstate or foreign commerce of, or of any facilities of a national securities exchange of, the United States. This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone, the internet and other forms of electronic communication. The Notes may not be tendered in the Offer by any such use, means, instrumentality or facility from or within the United States or by persons located or resident in the United States. Accordingly, copies of this announcement, the Tender Offer Memorandum and any other documents or materials relating to the Offer are not being, and must not be, directly or indirectly mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) in or into the United States or to any persons located or resident in the United States. Any purported tender of Notes in the Offer resulting directly or indirectly from a violation of these restrictions will be invalid and any purported tender of Notes made by, or by any person acting for the account or benefit of, a person located in the United States or any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States will be invalid and will not be accepted.

Neither this announcement nor the Tender Offer Memorandum is an offer to buy or sell, or a solicitation of an offer to sell or buy, any Notes or other securities in the United States or to U.S. Persons. Securities may not be offered or sold in the United States absent registration under, or an exemption from the registration requirements of, the Securities Act. The New Notes have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered, sold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. Persons.

Each Noteholder participating in the Offer will represent that it is not located in the United States and is not participating in the Offer from the United States or it is acting on a non-discretionary basis for a principal located outside the United States that is not giving an order to participate in the Offer from the United States. For the purposes of this and the above paragraph, **United States** means the United States of America, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any state of the United States of America and the District of Columbia.

Italy. None of the Offer, this announcement, the Tender Offer Memorandum or any other document or materials relating to the Offer have been or will be submitted to the clearance procedures of the *Commissione Nazionale per le Società e la Borsa* (**CONSOB**) pursuant to Italian laws and regulations. The Offer is being carried out in the Republic of Italy (**Italy**) as an exempted offer pursuant to article 101-bis, paragraph 3-bis of the Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and article 35-bis, paragraph 4, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended. Holders or beneficial owners of the Notes that are located in Italy can tender Notes for purchase through authorised persons (such as investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018, as amended, and Legislative Decree No. 385 of 1 September 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority.

Each intermediary must comply with the applicable laws and regulations concerning information duties vis-à-vis its clients in connection with the Notes and/or the Offer.

United Kingdom. This announcement and the Tender Offer Memorandum has been issued by the Bank which is authorised and regulated by the Financial Supervisory Authority of Iceland (*Fjármálaeftirlitið*) and is subject to limited regulation by the United Kingdom Financial Conduct Authority (the **FCA**), and is being distributed only to existing holders of the Notes. This announcement and the Tender Offer Memorandum is only addressed to such Noteholders where they would (if they were clients of the Bank) be *per se* professional clients or *per se* eligible counterparties of the Bank within the meaning of the FCA rules. This announcement and the Tender Offer Memorandum is not addressed to or directed at any persons who would be retail clients within the meaning of the FCA rules and any such persons should not act or rely on it. Recipients of this announcement and the Tender Offer Memorandum should note that the Bank is acting on its own account in relation to the Offer and will not be responsible to any other person for providing the protections which would be afforded to clients of the Bank or for providing advice in relation to the Offer.

In addition, this announcement, the Tender Offer Memorandum and any other documents or materials relating to the Offer are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the **Financial Promotion Order**)) or persons who are within Article 43 of the Financial Promotion Order, or any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order.

France. The Offer is not being made, directly or indirectly, to the public in the Republic of France (**France**) (other than to Qualified Investors (as defined below)). None of this announcement, the Tender Offer Memorandum or any other document or material relating to the Offer has been or shall be distributed to the public in France (other than to Qualified Investors (as defined below)). Only qualified investors (*investisseurs qualifiés*), as defined in, and in accordance with, Article 2(e) of Regulation (EU) 2017/1129 (**Qualified Investors**), are eligible to participate in the Offer. Neither this announcement nor the Tender Offer Memorandum have been or will be submitted for clearance to or approved by the *Autorité des Marchés Financiers*.

Belgium. The Offer is not being made, and will not be made or advertised, directly or indirectly, to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a **Belgian Consumer**) and none of this announcement, the Tender Offer Memorandum nor any other documents or materials relating to the Offer have been and shall be distributed, directly or indirectly, in Belgium to Belgian Consumers.