

SUPPLEMENT DATED 17 SEPTEMBER 2021 TO THE OFFERING CIRCULAR DATED 16 JULY 2021

Arion Bank HF.

(incorporated with limited liability in Iceland)

€2,000,000,000

Covered Bond Programme

This supplement (the **Supplement**) to the Offering Circular dated 16 July 2021 (the **Offering Circular**) constitutes a supplement for the purposes of Article 23(1) of Regulation (EU) 2017/1129 (the **Prospectus Regulation**) and is prepared in connection with the €2,000,000,000 Covered Bond Programme (the **Programme**) established by Arion Bank HF. (the **Issuer**). Terms defined in the Offering Circular have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, the Offering Circular and any other supplements to the Offering Circular issued by the Issuer. This Supplement has been approved by Commission de Surveillance du Secteur Financier (the **CSSF**) in Luxembourg as a supplement issued in compliance with the Prospectus Regulation.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge and belief of the Issuer (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.

Purpose of this Supplement

The purpose of this Supplement is to update the following sections of the Offering Circular:

- (a) “*Documents Incorporated by Reference*” on page 72;
- (b) “*Legal Proceedings*” on page 158;
- (c) “*Senior Management*” on page 182; and
- (d) “*General Information*” on page 215.

Documents incorporated by reference

On 28 July 2021, the Issuer published its interim consolidated financial statements for the six month period ended 30 June 2021 (the **Q2 2021 Interim Financial Statements**) (available via <http://dl.bourse.lu/dlp/10031c1e4bcdeb472fb184f4315a29d5c1>). The Q2 2021 Interim Financial Statements shall be deemed incorporated by reference in, and form part of, the Offering Circular and supplement the section entitled “*Documents Incorporated by Reference*” on page 72 of the Offering Circular, including the information set out at the following pages in particular:

<i>Information</i>	<i>June 2021</i>
Consolidated Interim Statement of Comprehensive Income	9
Consolidated Interim Statement of Financial Position	10
Consolidated Interim Statement of Changes in Equity	11

If the documents which are incorporated by reference in the Offering Circular by virtue of this Supplement themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of the Offering Circular for the purposes of the Prospectus Regulation except where such information or other documents are specifically incorporated by reference in, or attached to, the Offering Circular by virtue of this Supplement.

Any non-incorporated parts of a document referred to in this Supplement are either deemed not relevant for an investor or are otherwise covered elsewhere in the Offering Circular to which this Supplement relates.

Legal Proceedings

On page 158 of the Offering Circular in the section titled “Contingent Liabilities” under “Legal Proceedings”, the following wording is inserted below the paragraph titled “Administrative fine from the Icelandic FSA”:

“Consumer Association’s preparation of a class-action lawsuit

The Consumer Association of Iceland (the **Association**) sent a letter to the Bank, Íslandsbanki and Landsbanki in April 2020 claiming illegality of contractual terms on variable rate mortgages to individuals. The letter called for revised terms and compensation to borrowers which, according to the Association, have suffered damages. The Association’s claim is that standard contractual terms lack proper legal grounds, as parameters for interest rate decisions lack transparency and predictability, thus causing a contractual imbalance to the detriment of the consumer.

The Bank undertook a review of its contractual terms and processes for interest rate decisions in light of these claims, concluding that no changes were required and that the Association’s claim against the Bank is unfounded. A reasoned response was sent to the Consumer Association in September 2020. According to information published on the Consumer Association’s website, all three banks have rejected the Association’s claims.

The Consumer Association in May 2021 published an article on its website calling for participants in a class action lawsuit. The intention is to commence court proceedings against Icelandic credit institutions to provide court precedents for loans with variable rates. The Bank has received information requests from a legal firm representing approximately 1200 individuals. The Bank has commissioned an outside opinion on its legal position and is currently analysing the potential loan portfolio effect."

Senior Management

On page 180 of the Offering Circular the wording:

“Stefán Pétursson, Chief Financial Officer

Stefán was born in 1963. He was appointed chief financial officer at the Bank in August 2010. Stefán joined Landsvirkjun in 1991, first as head of funding and from 1995 as treasurer. He became chief financial officer of Landsvirkjun in 2002 and sat on the company’s negotiation committee with energy intense industry. While on leave from Landsvirkjun in 2008 he served as the CEO of the investment company HydroKraft Invest hf. From 1986 to 1989 Stefán worked as head of administration at the Icelandic Fisheries Laboratories Institute. Stefán has held a number of directorship positions and other positions of responsibility in recent years. He is currently a member of the board of Landfestar hf. and the Depositors’ and Investors’ Guarantee Fund on behalf of the Icelandic Financial Services Association. Stefán was appointed interim CEO of the Bank from 1 May 2019 to 1 July 2019.",

shall be deleted in its entirety and shall be replaced with the following:

"Ólafur Hrafn Höskuldsson, Chief Financial Officer

Ólafur Hrafn Höskuldsson was appointed as chief financial officer at the Bank in September 2021. Prior to his appointment as CFO he headed strategy and development in the CEO's Office since 2019. He worked for Royal Bank of Scotland in London and New York for six years and became a managing director at the investment company Titan in 2016, a position he held until 2019. He previously worked for CreditInfo in Germany and Straumur Investment Bank. Ólafur is a member of the board of directors of Vörður and Landey and he has a cand. oecon degree from the University of Iceland."

General Information

There has been no significant change in the financial performance or position of the Group since 30 June 2021 and there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2020.

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

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

General

This Supplement can be viewed online at <https://www.arionbanki.is/english> and will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

The date of this Supplement is 17 September 2021.