



Arion Bank

(incorporated with limited liability in Iceland)

**ISK 25,000,000,000
Debt Issuance Programme**

This Supplement (the **Supplement**) to the base prospectus (the **Base Prospectus**) dated 10 April 2017 constitutes a prospectus supplement for the purposes of article 16 of Directive No. 2003/71/EC of the European Parliament and of the Council of 4 November 2003 (the **Prospectus Directive**) as amended. The Prospectus Directive has been implemented into Icelandic law and the Supplement is prepared in accordance with Article 46 of the Act on Securities Transactions, no. 108/2007, as amended (the **Securities Transaction Act**) and is prepared in connection with the ISK 25,000,000,000 Debt Issuance Programme (the **Programme**) established by Arion Bank hf. (the **Issuer**). 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 Issuer.

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

Any documents themselves incorporated by reference in the documents incorporated by reference in the Base Prospectus shall not be incorporated by reference in the Base Prospectus as they are either deemed not relevant for an investor or are otherwise covered elsewhere in the Base Prospectus.

Amendment to the Base Prospectus

Paragraph 14.1(e) of the Events of Default – Unsubordinated Bonds section on page 103 of the Base Prospectus shall be deemed deleted and replaced with the following paragraph:

if the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business, save (i) for the purposes of any sale or other disposal of any of its subsidiaries and (ii) for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution, or the Issuer stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

General

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.

Issuer's Statement

CEO of Arion Bank hf. (in its capacity as Issuer), ID-number 581008-0150, registered office being Borgartun 19, 105 Reykjavik, Iceland, hereby declares that, the Issuer (the **Responsible Person**) accepts responsibility for the information contained in this supplement to the Base Prospectus dated 10 April 2017 and the Final Terms for each Series of Debt Securities issued under the Programme. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Reykjavik, Iceland, 1 November 2017

On behalf of the Issuer

Höskuldur H. Ólafsson, ID-number 090259-5479
CEO of the Issuer



