

**EXECUTION VERSION**

**AMENDED AND RESTATED AGENCY AGREEMENT**

**14 DECEMBER 2023**

**European Covered Bond (Premium) Programme  
€3,000,000,000**

**ARION BANK HF.  
as Issuer**

**and**

**THE BANK OF NEW YORK MELLON, LONDON BRANCH  
as Fiscal Agent, Paying Agent and Transfer Agent**

**and**

**THE BANK OF NEW YORK MELLON SA/NV LUXEMBOURG BRANCH  
as Registrar**

**ALLEN & OVERY**

**Allen & Overy LLP**

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**THIS AMENDED AND RESTATED AGENCY AGREEMENT** was originally dated 10 February 2012, amended and restated on 23 December 2016, 8 January 2019 and 9 January 2020, 16 July 2021, 12 October 2022 and is made on 14 December 2023

**BETWEEN:**

- (1) **ARION BANK HF.** (the **Issuer**);
- (2) **THE BANK OF NEW YORK MELLON, LONDON BRANCH** (the **Fiscal Agent, Paying Agent and Transfer Agent** which expression shall include any successor fiscal agent or additional or successor paying agent or transfer agent appointed under Clause 25); and
- (3) **THE BANK OF NEW YORK MELLON SA/NV LUXEMBOURG BRANCH** (the **Registrar**, which expression shall include any successor registrar appointed under Clause 25).

**IT IS AGREED:**

**1. DEFINITIONS AND INTERPRETATION**

1.1 In this Agreement:

**Agent** means each of the Fiscal Agent, Paying Agent and Transfer Agent;

**Applicable Law** means any law or regulation;

**Authority** means any competent regulatory, prosecuting, Tax or governmental authority in any jurisdiction;

**Bearer Covered Bonds** means those of the Covered Bonds which are in bearer form;

**Bearer Global Covered Bond** means a Temporary Global Covered Bond or Permanent Global Covered Bond, as the context may require;

**Calculation Agency Agreement** in relation to any Series of Covered Bonds (other than CSD Covered Bonds) means an agreement in or substantially in the form of Schedule 1;

**Calculation Agent** means, in relation to the Covered Bonds of any Series (other than CSD Covered Bonds), the person appointed as calculation agent in relation to the Covered Bonds by the Issuer pursuant to the provisions of a Calculation Agency Agreement (or any other agreement) and shall include any successor calculation agent appointed in respect of the Covered Bonds;

**CGCB** means a Temporary Global Covered Bond in the form set out in Part 1 of Schedule 6 or a Permanent Global Covered Bond in the form set out in Part 2 of Schedule 6, in either case where the applicable Final Terms specify that the Covered Bonds are in CGCB form;

**Clearstream, Luxembourg** means Clearstream Banking, *société anonyme*;

**Code** means the US Internal Revenue Code of 1986, as amended;

**Conditions** means, in relation to the Covered Bonds of any Series, the terms and conditions endorsed on or incorporated by reference into the Covered Bond or Covered Bonds constituting the Series, the terms and conditions being in or substantially in the form set out in Schedule 2 or in such other form, having regard to the terms of the Covered Bonds of the relevant Series, as may be agreed

between the Issuer, the Agent and the relevant Dealer (if applicable) as modified and supplemented by the applicable Final Terms;

**Coupon** means an interest coupon appertaining to a Definitive Covered Bond (other than a Zero Coupon Covered Bond), the coupon being:

- (a) if appertaining to a Fixed Rate Covered Bond or an Inflation Linked Non-Amortising Covered Bond, in the form or substantially in the form set out in Part A of Schedule 6, Part 5 or in such other form, having regard to the terms of issue of the Covered Bonds of the relevant Series, as may be agreed between the Issuer, the Agent and the relevant Dealer; or
- (b) if appertaining to a Floating Rate Covered Bond or an Inflation Linked Covered Bond, in the form or substantially in the form set out in Part B of Schedule 6, Part 5 or in such other form, having regard to the terms of issue of the Covered Bonds of the relevant Series, as may be agreed between the Issuer, the Agent and the relevant Dealer; or
- (c) if appertaining to a Definitive Covered Bond which is neither a Fixed Rate Covered Bond nor a Floating Rate Covered Bond nor an Inflation Linked Covered Bond nor an Inflation Linked Non-Amortising Covered Bond, in such form as may be agreed between the Issuer, the Agent and the relevant Dealer,

and includes, where applicable, the Talon(s) appertaining to the relevant Covered Bond and any replacements for Coupons and Talons issued pursuant to Condition 11 (Replacement of Covered Bonds, Receipts, Coupons and Talons);

**Couponholders** means the several persons who are for the time being holders of the Coupons and shall, unless the context otherwise requires, include the holders of Talons;

**Covered Bond** means a covered bond (whether a Bearer Covered Bond or a Registered Covered Bond or an CSD Covered Bond) issued or to be issued by the Issuer pursuant to the Icelandic Covered Bond Act, which covered bond may be represented by a Global Covered Bond or be in definitive form including any receipts, coupons or talons relating to it, or in uncertificated book entry form cleared through the CSD;

**Covered Bondholders** means the several persons who are for the time being the bearers of Covered Bonds and the registered holders of Covered Bonds and the persons recorded as holders of CSD Covered Bonds in the CSD save that, in respect of the Covered Bonds of any Series, for so long as the Covered Bonds or any part of them are represented by a Global Covered Bond held on behalf of Euroclear and Clearstream, Luxembourg each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of the Covered Bonds of the Series (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of the Covered Bonds standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be deemed to be the holder of that nominal amount of Covered Bonds (and the bearer or registered holder of the relevant Global Covered Bond shall be deemed not to be the holder) for all purposes other than with respect to the payment of principal or interest on the Covered Bonds, for which purpose the bearer or registered holder of the relevant Global Covered Bond shall be treated by the Issuer and any Paying Agent as the holder of the Covered Bonds in accordance with and subject to the terms of the relevant Global Covered Bond and the expressions **Covered Bond Holder**, **holder of Covered Bonds** and related expressions shall be construed accordingly;

**CSD** means the Nasdaq CSD Iceland or Verðbréfamiðstöð Íslands CSD;

**CSD Agent** means Arion Bank hf. as the CSD system account manager, any additional agent appointed by the Issuer from time to time in relation to the CSD Covered Bonds;

**CSD Covered Bond** means Covered Bonds issued in uncertificated book entry form cleared through the CSD;

**Dealer** means each of the initial dealers appointed pursuant to a programme agreement and any new dealer appointed in accordance with such programme agreement and excludes any entity whose appointment has been terminated pursuant to the terms of such programme agreement, and references to the **relevant Dealer** shall, in relation to any Covered Bond, be references to the Dealer or Dealers with whom the Issuer has agreed the issue and purchase of such Covered Bond;

**Deed of Covenant** means the deed of covenant dated 14 December 2023 substantially in the form set out in Schedule 3 to this Agreement executed as a deed by the Issuer in favour of certain accountholders with Euroclear, Clearstream, Luxembourg and any other agreed clearing system;

**Definitive Bearer Covered Bond** means a bearer Covered Bond in definitive form issued or, as the case may require, to be issued by the Issuer in accordance with the Conditions in exchange for all or part of a Global Covered Bond in bearer form, the Definitive Bearer Covered Bond being in or substantially in the form set out in Part 3 of Schedule 6 with such modifications (if any) as may be agreed between the Issuer, the Agent and the relevant Dealer and having the Conditions endorsed on it or, if permitted by the relevant authority or authorities and agreed by the Issuer and the relevant Dealer, incorporated in it by reference and having the applicable Final Terms (or the relevant provisions of the applicable Final Terms) either incorporated in it or endorsed on it and (except in the case of a Zero Coupon Covered Bond) having Coupons and, where appropriate, Receipts and/or Talons attached to it on issue;

**Definitive Covered Bonds** means Definitive Covered Bonds and/or, as the context may require, Definitive Registered Covered Bonds;

**Definitive Registered Covered Bond** means a Registered Covered Bond in definitive form issued or, as the case may require, to be issued by the Issuer in accordance with the Conditions in exchange for all or part of a Registered Global Covered Bond, the Registered Covered Bond in definitive form being in or substantially in the form set out in Part 8 of Schedule 6 of this agreement with such modifications (if any) as may be agreed between the Issuer, the Agent and the relevant Dealer and having the Conditions endorsed on it or attached to it or, if permitted by the relevant authority or authorities and agreed by the Issuer and the relevant Dealer, incorporated in it by reference and having the applicable Final Terms (or the relevant provisions of the applicable Final Terms) either incorporated in it or endorsed on it or attached to it (except in the case of a Zero Coupon Covered Bond) having Coupons and, where appropriate, Receipts and/or Talons attached to it on issue;

**Distribution Compliance Period** has the meaning given to that term in Regulation S under the Securities Act;

**Euroclear** means Euroclear Bank SA/NV;

**Eurosystem-eligible NGCB** means an NGCB which is intended to be held in a manner that would allow Eurosystem-eligibility, as stated in the applicable Final Terms;

**FATCA Withholding** means any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof), or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement);

**Final Terms** means the final terms issued in relation to each Tranche of Covered Bonds and giving details of that Tranche and, in relation to any particular Tranche of Covered Bonds, **applicable Final Terms** means the Final Terms applicable to that Tranche;

**Fitch** means Fitch Ratings Ltd.;

**Fixed Rate Covered Bond** means a Covered Bond on which interest is calculated at a fixed rate payable in arrear on one or more Interest Payment Dates in each year as may be agreed between the Issuer and the relevant Dealer, as indicated in the applicable Final Terms;

**Floating Rate Covered Bond** means a Covered Bond on which interest is calculated at a floating rate, payable in arrear on one or more Interest Payment Dates in each year as may be agreed between the Issuer and the relevant Dealer, as indicated in the applicable Final Terms;

**Global Covered Bond** means a Temporary Global Covered Bond and/or a Permanent Global Covered Bond, and/or a Regulation S Global Covered Bond as the context may require;

**Icelandic Covered Bond Act** means the Icelandic Act on Covered Bonds no. 11/2008, as amended.

**Inflation Linked Covered Bond** means a Covered Bond in respect of which the amounts payable are adjusted for indexation in accordance with the provisions set out in Conditions 6.3, 7.1 and 8.3;

**Inflation Linked Non-Amortising Covered Bond** means a Covered Bond in respect of which the amounts payable are adjusted for indexation in accordance with the provisions set out in Conditions 6.4 and 8.4;

**Interest Commencement Date** means, in the case of interest-bearing Covered Bonds, the date specified in the applicable Final Terms from and including which the Covered Bonds bear interest, which may or may not be the Issue Date;

**Issue Date** means, in respect of any Covered Bond, the date of issue and purchase of the Covered Bond as specified in the applicable Final Terms or any other agreement between the Issuer and the relevant Dealer being, in the case of any Definitive Covered Bond represented initially by a Global Covered Bond, the same date as the date of issue of the Global Covered Bond which initially represented the Covered Bond;

**Issue Price** means the price, generally expressed as a percentage of the nominal amount of the Covered Bonds, at which the Covered Bonds will be issued;

**Moody's** means Moody's Investors Service Limited;

**NGCB** means a Temporary Global Covered Bond in the form set out in Part 1 of Schedule 6 or a Permanent Global Covered Bond in the form set out in Part 2 of Schedule 6 constituting the Bearer Covered Bonds, in either case where the applicable Final Terms specify that the Bearer Covered Bonds are in NGCB form;

**NSS** means the New Safekeeping Structure for registered global securities which are intended to constitute eligible collateral for Eurosystem monetary policy operations;

**OFAC** means the Office of Foreign Assets Control of the U.S. Department of the Treasury;

**outstanding** means, in relation to the Covered Bonds of any Series, all the Covered Bonds issued other than:

- (a) those Covered Bonds which have been redeemed and cancelled pursuant to the Conditions;

- (b) those Covered Bonds in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption moneys (including all interest (if any) accrued to the date for redemption and any interest (if any) payable under the Conditions after that date) have been duly paid to or to the order of the Agent in the manner provided in this Agreement (and where appropriate notice to that effect has been given to the Covered Bondholders in accordance with the Conditions) and remain available for payment against presentation of the relevant Covered Bonds and/or Receipts and/or Coupons;
- (c) those Covered Bonds which have been purchased and cancelled in accordance with the Conditions;
- (d) those Covered Bonds in respect of which claims have become prescribed under the Conditions;
- (e) those mutilated or defaced Covered Bonds which have been surrendered and cancelled and in respect of which replacements have been issued under the Conditions;
- (f) (for the purpose only of ascertaining the nominal amount of the Covered Bonds outstanding and without prejudice to the status for any other purpose of the relevant Covered Bonds) those Covered Bonds which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued under the Conditions;
- (g) any Temporary Global Covered Bond to the extent that it has been exchanged for Definitive Covered Bonds or a Permanent Global Covered Bond and any Permanent Global Covered Bond to the extent that it has been exchanged for Definitive Covered Bonds in each case under its provisions; and
- (h) any Registered Global Covered Bond to the extent that it has been exchanged for Definitive Registered Covered Bonds and any Definitive Registered Covered Bond to the extent it has been exchanged for an interest in a Registered Global Covered Bond,

provided that for the purposes of:

- (i) attending and voting at any meeting of the Covered Bondholders of the Series; and
- (ii) determining how many and which Covered Bonds of the Series are for the time being outstanding for the purposes of Condition 15 (Meetings of Covered Bondholders, Modification and Waiver) and paragraphs 3.1, 3.4 and 3.5 of Schedule 5,

those Covered Bonds (if any) which are for the time being held by or for the benefit of the Issuer or any Subsidiary of the Issuer shall (unless and until ceasing to be so held) be deemed not to remain outstanding;

**Permanent Global Covered Bond** means a bearer global covered bond in the form or substantially in the form set out in Part 2 of Schedule 6 together with the copy of the applicable Final Terms attached to it with such modifications (if any) as may be agreed between the Issuer, the Agent and the relevant Dealer, comprising some or all of the Covered Bonds of the same Series issued by the Issuer;

**Procedures Memorandum** means the Operating and Administrative Procedures Memorandum dated 14 December 2023 as amended or varied from time to time including, in respect of any Tranche, by agreement between the Issuer and the relevant Dealer or, if there is one, Lead Manager with the approval of the Fiscal Agent and, if applicable, the Registrar;



**Programme** means the European Covered Bond (Premium) Programme the subject of this Agreement;

**Programme Agreement** means the programme agreement dated 10 February 2012, as amended and restated on 12 October 2022 and 14 December 2023 between the Issuer and the Dealers named in it;

**Put Notice** means a notice in the form set out in Schedule 4;

**Receipt** means a receipt attached on issue to a Definitive Covered Bond redeemable in instalments for the payment of an instalment of principal, the receipt being in or substantially in the form set out in Part 6 of Schedule 6 or in such other form as may be agreed between the Issuer, the Agent and the relevant Dealer and includes any replacements for Receipts issued pursuant to Condition 11 (Replacement of Covered Bonds, Receipts, Coupons and Talons);

**Receiptholders** means the persons who are for the time being holders of the Receipts;

**Reference Banks** means, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Issuer;

**Registered Covered Bonds** means those of the Covered Bonds which are in registered form (other than CSD Covered Bonds);

**Registered Global Covered Bond** means a Regulation S Global Covered Bond;

**Regulation S** means Regulation S under the Securities Act;

**Regulation S Global Covered Bond** means a Registered Global Covered Bond in or substantially in the form set out in Part 3 of Schedule 6 of this agreement together with the copy of the applicable Final Terms attached to it with such modifications (if any) as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer, comprising some or all of the Registered Covered Bonds of the same Series issued by the Issuer outside the United States in reliance on Regulation S under the Programme Agreement or any other agreement between the Issuer and the relevant Dealer;

**S&P** means S&P Global Ratings Europe Limited;

**Sanctions** means all economic sanctions laws, rules, regulations, executive orders and requirements administered by any governmental authority of the United States (including OFAC), the United Nations Security Council, the European Union, HM Treasury or any other applicable domestic or foreign authority with jurisdiction over the Issuer;

**Series** means a Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and the expressions **Covered Bonds of the relevant Series** and **holders of Covered Bonds of the relevant Series** and related expressions shall be construed accordingly;

**Specified Time** means, in the case of a determination of EURIBOR, 11am Brussels time;

**Stock Exchange** means the Luxembourg Stock Exchange or any other stock exchange on which any Covered Bonds may from time to time be listed, and references in this Agreement to the relevant Stock Exchange shall, in relation to any Covered Bonds, be references to the stock exchange or stock exchanges on which the Covered Bonds are from time to time, or are intended to be, listed;

**Subsidiary** means in relation to any person (the first person) at any particular time, any other person (the second person):

- (a) whose affairs and policies the first person controls or has power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second person or otherwise; or
- (b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first person;

**Talon** means a talon attached on issue to a Definitive Covered Bond (other than a Zero Coupon Covered Bond) which is exchangeable in accordance with its provisions for further Coupons appertaining to the Covered Bond, the talon being in or substantially in the form set out in Part 7 of Schedule 6 or in such other form as may be agreed between the Issuer, the Agent and the relevant Dealer and includes any replacements for Talons issued pursuant to Condition 13 (Replacement of Covered Bonds, Receipts, Coupons and Talons);

**Tax** means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any Authority having power to tax;

**Temporary Global Covered Bond** means a bearer global covered bond in the form or substantially in the form set out in Part 1 of Schedule 6 together with the copy of the applicable Final Terms attached to it with such modifications (if any) as may be agreed between the Issuer, the Agent and the relevant Dealer, comprising some or all of the Covered Bonds of the same Series issued by the Issuer;

**Tranche** means Covered Bonds which are identical in all respects (including as to listing and admission to trading);

**Transfer Certificate** means a certificate in the form set out in Schedule 7; and

**Zero Coupon Covered Bond** means a Covered Bond on which no interest is payable.

- 1.2 (a) In this Agreement, unless the contrary intention appears, a reference to:
- (i) an **amendment** includes a supplement, restatement or novation and **amended** is to be construed accordingly;
  - (ii) a **person** includes any individual, company, unincorporated association, government, state agency, international organisation or other entity;
  - (iii) the **records** of Euroclear and Clearstream, Luxembourg shall be to the records that each of Euroclear and Clearstream, Luxembourg holds for its customers which reflect the amount of such customer's interest in the Covered Bonds;
  - (iv) a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted;
  - (v) a clause or schedule is a reference to a clause of, or a schedule to, this Agreement;
  - (vi) a person includes its successors and assigns;
  - (vii) a document is a reference to that document as amended from time to time; and

- (viii) a time of day is a reference to London time;
  - (b) The headings in this Agreement do not affect its interpretation;
  - (c) Terms and expressions defined in the Programme Agreement or the Covered Bonds or used in the applicable Final Terms shall have the same meanings in this Agreement, except where the context otherwise requires or unless otherwise stated;
  - (d) All references in this Agreement to costs or charges or expenses shall include any value added tax or similar tax charged or chargeable in respect thereof;
  - (e) All references in this Agreement to Covered Bonds shall, unless the context otherwise requires, include any Global Covered Bond representing the Covered Bonds;
  - (f) All references in this Agreement to principal and/or interest or both in respect of the Covered Bonds or to any moneys payable by the Issuer under this Agreement shall be construed in accordance with Condition 7 (Payments);
  - (g) All references in this Agreement to the **relevant currency** shall be construed as references to the currency in which payments in respect of the relevant Covered Bonds and/or Coupons are to be made;
  - (h) All references in this Agreement to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer and the Fiscal Agent or as otherwise specified in the applicable Final Terms;
  - (i) All references in this Agreement to a Directive include any relevant implementing measure of each Contracting Party of the European Economic Area which has implemented such Directive.
- 1.3 For the purposes of this Agreement, the Covered Bonds of each Series shall form a separate series of Covered Bonds and the provisions of this Agreement shall apply *mutatis mutandis* separately and independently to the Covered Bonds of each Series and in this Agreement the expressions **Covered Bonds, Covered Bondholders, Receipts, Receiptholders, Coupons, Couponholders, Talons, Talonholders** and related expressions shall be construed accordingly.
- 1.4 As used herein, in relation to Covered Bonds which are to have a "listing" or to be "listed" (a) on the Luxembourg Stock Exchange, **listing** and **listed** shall be construed to mean that such Covered Bonds have been admitted to trading on the Official List of the Luxembourg Stock Exchange's regulated market and have been listed on the Luxembourg Stock Exchange and (b) on any other Stock Exchange in a jurisdiction within the European Economic Area, **listing** and **listed** shall be construed to mean that Covered Bonds have been admitted to trading on a market within that jurisdiction which is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU).
- 1.5 The obligations of the Agents party to this Agreement shall not apply to issues of CSD Covered Bonds. The Fiscal Agent shall not have any duties, obligations or responsibilities with respect to any issue of CSD Covered Bonds, including (without limitation) with respect to the issue and settlement of CSD Covered Bonds, payments of interest and principal in respect of the CSD Covered Bonds and any meetings of the CSD Covered Bondholders.

## 2. APPOINTMENT OF AGENTS

2.1 The Fiscal Agent is appointed, and the Fiscal Agent agrees to act, as fiscal agent of the Issuer, upon the terms and subject to the conditions set out below, for the following purposes:

- (a) completing, authenticating and delivering Temporary Global Covered Bonds and Permanent Global Covered Bonds and (if required) authenticating and delivering Definitive Bearer Covered Bonds;
- (b) giving effectuation instructions and electing a common safekeeper in respect of each Bearer Global Covered Bond which is a Eurosystem-eligible NGCB;
- (c) giving effectuation instructions and electing a common safekeeper in respect of each Registered Global Covered Bond which is held under the NSS;
- (d) exchanging Temporary Global Covered Bonds for Permanent Global Covered Bonds or Definitive Bearer Covered Bonds, as the case may be, in accordance with the terms of Temporary Global Covered Bonds and, in respect of any such exchange, (i) making all notations on Temporary Global Covered Bonds which are CGCBs as required by their terms and (ii) instructing Euroclear and Clearstream, Luxembourg to make appropriate entries in their records in respect of all Temporary Global Covered Bonds which are NGCBs;
- (e) exchanging Permanent Global Covered Bonds for Definitive Bearer Covered Bonds in accordance with the terms of Permanent Global Covered Bonds and, in respect of any such exchange, (i) making all notations on Permanent Global Covered Bonds which are CGCBs required by their terms and (ii) instructing Euroclear and Clearstream, Luxembourg to make appropriate entries in their records in respect of all Permanent Global Covered Bonds which are NGCBs;
- (f) paying sums due on Bearer Global Covered Bonds, Definitive Bearer Covered Bonds, Receipts and Coupons and instructing Euroclear and Clearstream, Luxembourg to make appropriate entries in their records in respect of all Bearer Global Covered Bonds which are NGCBs;
- (g) exchanging Talons for Coupons in accordance with the Conditions;
- (h) determining the end of the Distribution Compliance Period applicable to each Tranche in accordance with Clause 4.7;
- (i) unless otherwise specified in the applicable Final Terms, determining the interest and/or other amounts payable in respect of the Covered Bonds in accordance with the Conditions;
- (j) arranging on behalf of and at the expense of the Issuer for notices to be communicated to the Covered Bondholders in accordance with the Conditions;
- (k) ensuring that, as directed by the Issuer, all necessary action is taken to comply with any reporting requirements of any competent authority in respect of any relevant currency as may be in force from time to time with respect to the Covered Bonds to be issued under the Programme;
- (l) subject to the Procedures Memorandum, submitting to the relevant authority or authorities such number of copies of each Final Terms which relates to Covered Bonds which are to be listed as the relevant Stock Exchange may require;

- (m) acting as Calculation Agent in respect of Covered Bonds (other than CSD Covered Bonds) where named as such in the applicable Final Terms (for the avoidance of doubt, the Fiscal Agent may decline the appointment as calculation agent in respect of any issue of Covered Bonds); and
- (n) performing all other duties and obligations as expressly set out in the Conditions, this Agreement and the Procedures Memorandum.

2.2 Each Paying Agent is appointed, and each Paying Agent agrees to act, as paying agent of the Issuer, upon the terms and subject to the conditions set out below, for the purposes of paying sums due on any Covered Bonds, Receipts and Coupons and performing all other duties and obligations as expressly set out in the Conditions and this Agreement.

2.3 Each Transfer Agent is appointed, and each Transfer Agent agrees to act, as transfer agent of the Issuer, upon the terms and subject to the conditions set out below for the purposes of effecting transfers of Definitive Registered Covered Bonds and performing all the other duties and obligations as expressly set out in the Conditions and this Agreement.

2.4 The Agents may delegate by power of attorney or otherwise to any person or persons all or any of its powers, functions, rights and authorities under this Agreement. Such delegation may be made upon such terms (including power to sub-delegate) and subject to such conditions and regulations as the Agents may in the interests of the Holders think fit. The relevant Agent shall within a reasonable time after any such delegation or any renewal, extension or termination thereof give notice thereof to the Issuer. Any such delegation by the relevant Agent of its obligations (or any of them) under this Agreement shall not release or discharge the Agent from any of its obligations under this Agreement and the Agent will remain responsible for the performance of its obligations under this Agreement towards the Issuer.

2.5 The Registrar is appointed, and the Registrar agrees to act, as registrar of the Issuer, upon the terms and subject to the conditions set out below, for the following purposes:

- (a) completing, authenticating and delivering Regulation S Global Covered Bonds and delivering Definitive Registered Covered Bonds;
- (b) paying sums due on Registered Covered Bonds; and
- (c) performing all the other duties and obligations as expressly set out in by the Conditions, this Agreement and the Procedures Memorandum, including, without limitation, those set out in Clause 10.

The Registrar may from time to time delegate certain of its functions and duties set out in this Agreement to the Fiscal Agent.

2.6 In relation to (i) each issue of Eurosystem-eligible NGCBs, and (ii) each issue of Covered Bonds intended to be held under the NSS, the Issuer hereby authorises and instructs the Fiscal Agent to elect Euroclear or Clearstream, Luxembourg as common safekeeper. From time to time, the Issuer and the Fiscal Agent may agree to vary this election. The Issuer acknowledges that any such election is subject to the right of Euroclear and Clearstream, Luxembourg to jointly determine that the other shall act as common safekeeper in relation to any such issue and agrees that no liability shall attach to the Fiscal Agent in respect of any such election made by it.

2.7 The obligations of the Agents under this Agreement are several and not joint.

### **3. ISSUE OF GLOBAL COVERED BONDS**

- 3.1 Subject to Clause 3.4, following receipt of a faxed copy of a Final Terms signed by the Issuer, the Issuer authorises the Fiscal Agent and Registrar and each of the Fiscal Agent and the Registrar agree, to take the steps required of it in the Procedures Memorandum.
- 3.2 For the purpose of Clause 3.1, the Fiscal Agent will on behalf of the Issuer if specified in the applicable Final Terms that a Temporary Global Covered Bond will initially represent the Tranche of Covered Bonds:
- (a) prepare a Temporary Global Covered Bond by attaching a copy of the applicable Final Terms to a copy of the signed master Temporary Global Covered Bond;
  - (b) authenticate the Temporary Global Covered Bond;
  - (c) deliver the Temporary Global Covered Bond to the specified common depository (if the Temporary Global Covered Bond is a CGCB) or specified common safekeeper (if the Temporary Global Covered Bond is an NGCB) for Euroclear and Clearstream, Luxembourg and, in the case of a Temporary Global Covered Bond which is a Eurosystem-eligible NGCB, to instruct the common safekeeper to effectuate same;
  - (d) ensure that the Covered Bonds of each Tranche are assigned, as applicable, security numbers (including, but not limited to, common codes and ISINs) which are different from the security numbers assigned to Covered Bonds of any other Tranche of the same Series until at least expiry of the Distribution Compliance Period in respect of the Tranche; and
  - (e) if the Temporary Global Covered Bond is an NGCB, instruct Euroclear and Clearstream, Luxembourg to make the appropriate entries in their records to reflect the initial outstanding aggregate principal amount of the relevant Tranche of Covered Bonds.
- 3.3 For the purpose of Clause 3.1, the Agent will on behalf of the Issuer if specified in the applicable Final Terms that a Permanent Global Covered Bond will represent the Covered Bonds on issue:
- (a) prepare a Permanent Global Covered Bond by attaching a copy of the applicable Final Terms to a copy of the master Permanent Global Covered Bond;
  - (b) authenticate the Permanent Global Covered Bond;
  - (c) deliver the Permanent Global Covered Bond to the specified common depository (if the Permanent Global Covered Bond is a CGCB) or specified common safekeeper (if the Permanent Global Covered Bond is an NGCB) Euroclear and/or Clearstream, Luxembourg and, in the case of a Permanent Global Covered Bond which is a Eurosystem-eligible NGCB, to instruct the common safekeeper to effectuate same;
  - (d) if the Permanent Global Covered Bond is an NGCB, instruct Euroclear and Clearstream, Luxembourg to make the appropriate entries in their records to reflect the initial outstanding aggregate principal amount of the relevant Tranche of Covered Bonds;
  - (e) deliver the applicable Final Terms to the specified common depository or common safekeeper, as the case may be, for attachment to the Permanent Global Covered Bond and, in the case where the Permanent Global Covered Bond is a CGCB, make all appropriate entries on the relevant Schedule to the Permanent Global Covered Bond to reflect the increase in its nominal amount or, in the case where the Permanent Global Covered Bond is an NGCB, instruct Euroclear and Clearstream, Luxembourg to make the appropriate entries

in their records to reflect the increased outstanding aggregate principal amount of the relevant Series; and

- (f) ensure that the Covered Bonds of each Tranche are assigned, as applicable, security numbers (including, but not limited to, common codes and ISINs) which are different from the security numbers assigned to the Covered Bonds of any other Tranche of the same Series until at least the expiry of the Distribution Compliance Period in respect of the Tranche.

3.4 For the purpose of Clause 3.1, the Fiscal Agent or, as the case may be, the Registrar will on behalf of the Issuer if specified in the applicable Final Terms that a Regulation S Global Covered Bond will represent the Covered Bond on issue:

- (a) (in the case of the Registrar) prepare a Regulation S Global Covered Bond by attaching a copy of the applicable Final Terms to a copy of the relevant signed master Registered Global Covered Bond;
- (b) (in the case of the Registrar) authenticate (or procure the authentication of) the relevant Registered Global Covered Bond;
- (c) (in the case of the Registrar) in the case of the first Tranche of any Series of Covered Bonds, deliver in the case of a Registered Global Covered Bond registered in the name of a nominee for a common depositary or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg, the Registered Global Covered Bond to the specified common depositary or common safekeeper for Euroclear and Clearstream, Luxembourg and in the case of a Registered Global Covered Bond which is held under the NSS, to instruct the common safekeeper to effectuate the same;
- (d) (in the case of the Registrar) in the case of a subsequent Tranche of any Series of Covered Bonds, deliver in the case of a Registered Global Covered Bond registered in the name of a nominee for a common depositary or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg, the Registered Global Covered Bond to the specified common depositary or common safekeeper for Euroclear and Clearstream, Luxembourg and in the case of a Registered Global Covered Bond which is held under the NSS, to instruct the common safekeeper to effectuate the same; and
- (e) (in the case of the Fiscal Agent) ensure that the Covered Bonds of each Tranche are assigned, as applicable, security numbers (including (as applicable), but not limited to common codes and ISINs) which are different from the security numbers assigned to Covered Bonds of any other Tranche of the same Series until at least the expiry of the Distribution Compliance Period in respect of the Tranche.

3.5 Each of the Fiscal Agent and the Registrar shall only be required to perform its obligations under this Clause 3 if it holds (as applicable):

- (a) a master Temporary Global Covered Bond duly executed by a person or persons duly authorised to execute the same on behalf of the Issuer, which may be used by the Agent for the purpose of preparing Temporary Global Covered Bonds in accordance with Clause 3.2 and Clause 4;
- (b) a master Permanent Global Covered Bond duly executed by a person or persons duly authorised to execute the same on behalf of the Issuer, which may be used by the Agent for the purpose of preparing Permanent Global Covered Bonds in accordance with Clause 3.3 and Clause 4;

- (c) a master Regulation S Global Covered Bond, duly executed by a person or persons duly authorised to execute the same on behalf of the Issuer, which may be used by the Registrar for the purpose of preparing Regulation S Global Covered Bonds in accordance with Clause 3.4; and
- (d) signed copies of the applicable Final Terms.

3.6 The Issuer undertakes to ensure that the Fiscal Agent and/or the Registrar receives copies of each document specified in Clause 3.5 in a timely manner.

3.7 Where the Fiscal Agent delivers any authenticated Global Covered Bond to a common safekeeper for effectuation using electronic means, it is authorised and instructed to destroy the Global Covered Bond retained by it following its receipt of confirmation from the common safekeeper that the relevant Global Covered Bond has been effectuated.

#### **4. EXCHANGE OF GLOBAL COVERED BONDS**

4.1 The Fiscal Agent shall determine the Exchange Date for each Temporary Global Covered Bond in accordance with its terms. Immediately after determining any Exchange Date, the Fiscal Agent shall notify its determination to the Issuer, the other Paying Agents, the relevant Dealer, Euroclear and Clearstream, Luxembourg.

4.2 Where a Temporary Global Covered Bond is to be exchanged for a Permanent Global Covered Bond, the Fiscal Agent is authorised by the Issuer and instructed:

- (a) to prepare and complete a Permanent Global Covered Bond in accordance with the terms of the Temporary Global Covered Bond applicable to the Tranche by attaching a copy of the applicable Final Terms to a copy of the master Permanent Global Covered Bond;
- (b) to authenticate the Permanent Global Covered Bond;
- (c) if the Permanent Global Covered Bond is a CGCB, to deliver the Permanent Global Covered Bond to the common depository which is holding the Temporary Global Covered Bond representing the Tranche for the time being on behalf of Euroclear and/or Clearstream, Luxembourg to hold on behalf of the Issuer pending its exchange for the Temporary Global Covered Bond; and
- (d) if the Permanent Global Covered Bond is an NGCB, to deliver the Permanent Global Covered Bond to the common safekeeper which is holding the Temporary Global Covered Bond representing the Tranche for the time being on behalf of Euroclear and/or Clearstream, Luxembourg to effectuate (in the case of a Permanent Global Covered Bond which is a Eurosystem-eligible NGCB) and to hold on behalf of the Issuer pending its exchange for the Temporary Global Covered Bond.

4.3 Where a Global Covered Bond is to be exchanged for Definitive Covered Bonds in accordance with its terms, the Fiscal Agent or, as the case may be, the Registrar, is authorised by the Issuer and instructed:

- (a) to authenticate the Definitive Bearer Covered Bonds in accordance with the provisions of this Agreement; and
- (b) to deliver the Definitive Covered Bonds (in the case of Definitive Covered Bonds) to or to the order of Euroclear and/or Clearstream, Luxembourg and (in the case of Definitive Registered Covered Bonds) as the Registrar may be directed by the holder of the Definitive Registered Covered Bonds.



- 4.4 Upon any exchange of all or part of an interest in a Temporary Global Covered Bond for an interest in a Permanent Global Covered Bond or upon any exchange of all or part of an interest in a Global Covered Bond for Definitive Covered Bonds, the Fiscal Agent shall (a) procure that the relevant Global Covered Bond shall, if it is a CGCB, be endorsed by or on behalf of the Fiscal Agent to reflect the reduction of its nominal amount by the aggregate nominal amount so exchanged and, where applicable, the Permanent Global Covered Bond shall be endorsed by or on behalf of the Fiscal Agent to reflect the increase in its nominal amount as a result of any exchange for an interest in the Temporary Global Covered Bond or (b) in the case of any Global Covered Bond which is an NGCB, instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records to reflect such exchange. Until exchanged in full, the holder of an interest in any Bearer Global Covered Bond shall in all respects be entitled to the same benefits under this Agreement as the holder of Definitive Bearer Covered Bonds, Receipts and Coupons authenticated and delivered under this Agreement, subject as set out in the Conditions. The Fiscal Agent is authorised on behalf of the Issuer and instructed (i) in the case of a Bearer Global Covered Bond which is a CGCB, to endorse or to arrange for the endorsement of the relevant Bearer Global Covered Bond to reflect the reduction in the nominal amount represented by it by the amount so exchanged and, if appropriate, to endorse the Permanent Global Covered Bond to reflect any increase in the nominal amount represented by it and, in either case, to sign in the relevant space on the relevant Bearer Global Covered Bond recording the exchange and reduction or increase; (ii) in the case of any Bearer Global Covered Bond which is an NGCB, to instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records to reflect such exchange and (iii) in the case of a total exchange, to cancel or arrange for the cancellation of the relevant Bearer Global Covered Bond.
- 4.5 Upon any exchange of all or a part of an interest in a Registered Global Covered Bond for Definitive Registered Covered Bonds or vice versa, the relevant Registered Global Covered Bond(s) shall be presented to the Registrar and endorsed to reflect the reduction or increase (as the case may be) in its/their nominal amount by the Registrar or on its behalf. The Registrar is authorised on behalf of the Issuer (a) to endorse or to arrange for the endorsement of the relevant Registered Global Covered Bond(s) to reflect the reduction or increase (as the case may be) in the nominal amount represented by it or them and, in either case, to sign in the relevant space on the relevant Registered Global Covered Bond(s) recording the exchange and reduction or increase, (b) to make all appropriate entries in the Registered Covered Bond Register and (c) in the case of a total exchange for Definitive Registered Covered Bonds, to cancel or arrange for the cancellation of the relevant Registered Global Covered Bond.
- 4.6 The Fiscal Agent, or the Registrar, as the case may be, shall notify the Issuer immediately after it receives a request for the issue of Definitive Covered Bonds in accordance with the provisions of a Global Covered Bond and the aggregate nominal amount of the Global Covered Bond to be exchanged.
- 4.7 The Issuer undertakes to deliver to, or to the order of, the Fiscal Agent and the Registrar sufficient numbers of executed Definitive Covered Bonds with, in the case of Definitive Bearer Covered Bonds if applicable, Receipts, Coupons and Talons attached, to enable each of the Fiscal Agent and the Registrar, to comply with its obligations under this Agreement.

**5. [NOT USED]**

**6. TERMS OF ISSUE**

- 6.1 Each of the Fiscal Agent and the Registrar shall cause all Covered Bonds delivered to, and held by it under this Agreement to be maintained in safe custody and shall ensure that Covered Bonds are issued only in accordance with the provisions of this Agreement, the Conditions and, where applicable, the relevant Global Covered Bonds.

- 6.2 Subject to the procedures set out in the Procedures Memorandum, for the purposes of Clause 3, each of the Fiscal Agent and the Registrar is entitled to treat a telephone, telex or facsimile communication from a person purporting to be (and whom the Fiscal Agent or the Registrar, as the case may be, believes in good faith to be) the authorised representative of the Issuer named in the list referred to in, or notified pursuant to, Clause 23.8, or any other list duly provided for the purpose by the Issuer to the Fiscal Agent or the Registrar, as the case may be, as sufficient instructions and authority of the Issuer for the Fiscal Agent or the Registrar to act in accordance with Clause 3.
- 6.3 In the event that a person who has signed a master Global Covered Bond or master Definitive Registered Covered Bond held by the Fiscal Agent or the Registrar, as the case may be, on behalf of the Issuer ceases to be authorised as described in Clause 23.8, each of the Fiscal Agent or the Registrar shall (unless the Issuer gives notice to the Fiscal Agent or the Registrar, as the case may be, that Covered Bonds signed by that person do not constitute valid and binding obligations of the Issuer or otherwise until replacements have been provided to the Fiscal Agent or the Registrar, as the case may be) continue to have authority to issue Covered Bonds signed by that person, and the Issuer warrants to each of the Fiscal Agent and the Registrar that those Covered Bonds shall be valid and binding obligations of the Issuer. Promptly upon any person ceasing to be authorised, the Issuer shall provide the Fiscal Agent with replacement master Temporary Global Covered Bonds and Permanent Global Covered Bonds and shall provide the Registrar with replacement master Registered Global Covered Bonds and Definitive Registered Covered Bonds and the Fiscal Agent and the Registrar, as the case may be shall, upon receipt of such replacements, cancel and destroy the master Global Covered Bonds held by them which are signed by that person and shall provide the Issuer with a certificate of destruction, specifying the master Global Covered Bonds so cancelled and destroyed.
- 6.4 The Fiscal Agent shall not pay any amounts to the Issuer unless the amount equal to the payment to be made (the **Payment**) has been received from a Dealer one business day prior to the day the Payment is to be made. For the avoidance of doubt, the Fiscal Agent shall not be obliged to pay any amount to the Issuer if it has not received the amount from a Dealer.
- 6.5 This Clause only applies when following the settlement procedures set out in Part 1 and Part 2 of Annex 1 of the Procedures Memorandum. Except in the case of issues where the Fiscal Agent does not act as receiving bank for the Issuer in respect of the purchase price of the Covered Bonds being issued, if on the Issue Date a Dealer does not pay the full purchase price due from it in respect of any Covered Bond (the **Defaulted Covered Bond**) and, as a result, the Defaulted Covered Bond remains in the Fiscal Agent's distribution account with Euroclear and/or Clearstream, Luxembourg after the Issue Date, the Fiscal Agent will continue to hold the Defaulted Covered Bond to the order of the Issuer. The Fiscal Agent shall notify the Issuer immediately of the failure of the Dealer to pay the full purchase price due from it in respect of any Defaulted Covered Bond and, subsequently, shall (a) notify the Issuer immediately on receipt from the Dealer of the full purchase price in respect of any Defaulted Covered Bond and (b) pay to the Issuer the amount so received.
- 6.6 The Issuer shall promptly inform the Fiscal Agent of any issuance of CSD Covered Bonds and any redemption thereof and shall provide the Fiscal Agent with a copy of the applicable Final Terms in respect of any issue of CSD Covered Bonds as soon as reasonably practicable after issue thereof.

## 7. PAYMENTS

- 7.1 The Issuer will, before 12pm (local time in the relevant financial centre of the payment or, in the case of a payment in euro, London time), one Business Day prior to the date on which any payment in respect of any Covered Bond becomes due under the Conditions, transfer to an account specified by the Fiscal Agent an amount, subject to any FATCA Withholding, in the relevant currency sufficient for the purposes of the payment in funds settled through such payment system as the Fiscal Agent and the Issuer may agree.

- 7.2 Any funds paid by or by arrangement with the Issuer to the Fiscal Agent under Clause 7.1 shall be held in the relevant account referred to in Clause 7.1 for payment to the Covered Bondholders, Receiptholders or Couponholders, as the case may be, until any Covered Bonds or matured Receipts and Coupons become void under Condition 10 (Prescription). In that event the Fiscal Agent shall repay to the Issuer sums equivalent to the amounts which would otherwise have been repayable on the relevant Covered Bonds, Receipts or Coupons.
- 7.3 The Issuer will ensure that no later than 12pm (London time) on the second Business Day (as defined below) immediately preceding the date on which any payment is to be made to the Fiscal Agent under Clause 7.1, the Fiscal Agent shall receive an irrevocable payment confirmation by fax from the paying bank of the Issuer. For the purposes of this clause, **Business Day** means a day on which commercial banks and foreign exchange markets settle payments and are open for general business in Reykjavik and London.
- 7.4 The Fiscal Agent shall notify each of the other Paying Agents and the Registrar immediately:
- (a) if it has not by the relevant date set out in Clause 7.1 received unconditionally the full amount in the Specified Currency required for the payment; and
  - (b) if it receives unconditionally the full amount of any sum payable in respect of the Covered Bonds, Receipts or Coupons after that date.

The Fiscal Agent shall, at the expense of the Issuer, immediately on receiving any amount as described in subparagraph (a) above, cause notice of that receipt to be published under Condition 14 (Notices).

- 7.5 The Fiscal Agent shall ensure that payments of both principal and interest in respect of a Temporary Global Covered Bond will only be made if certification of non-U.S. beneficial ownership as required by U.S. Treasury regulations has been received from Euroclear and/or Clearstream, Luxembourg in accordance with the terms of the Temporary Global Covered Bond.
- 7.6 The Fiscal Agent, or unless it has received notice under Clause 7.4(a), the relevant Paying Agent shall pay or cause to be paid all amounts due in respect of the Covered Bonds on behalf of the Issuer in the manner provided in the Conditions, provided that such amount is received by the Fiscal Agent one business day prior to the day such payment is to be made. If any payment provided for in Clause 7.1 is made late but otherwise in accordance with the provisions of this Agreement, the Fiscal Agent or relevant Paying Agent shall make payments in respect of the Covered Bonds as stated above on the business day following the business day on which it receives the amount in respect of such payment.
- 7.7 If for any reason the Fiscal Agent considers in its sole discretion that the amounts to be received by it under Clause 7.1 will be, or the amounts actually received by it are, insufficient to satisfy all claims in respect of all payments then falling due in respect of the Covered Bonds except with respect to any FATCA Withholding, the Fiscal Agent or relevant Paying Agent shall not be obliged to pay any such claims until the Fiscal Agent has received the full amount of all such payments.
- 7.8 [RESERVED]
- 7.9 Without prejudice to Clauses 7.6 and 7.7, if the Fiscal Agent pays any amounts to the holders of Covered Bonds, Receipts or Coupons or to any other Paying Agent at a time when it has not received payment in full in respect of the relevant Covered Bonds in accordance with Clause 7.1 (the excess of the amounts so paid over the amounts so received being the **Shortfall**), the Issuer will, in addition to paying amounts due under Clause 7.1, pay to the Fiscal Agent on demand interest (at a rate which represents the Fiscal Agent's cost of funding the Shortfall) on the Shortfall (or the unreimbursed portion thereof) until the receipt in full by the Fiscal Agent of the Shortfall.

- 7.10 Subject to the receipt of funds in accordance with Clause 7.1, the Fiscal Agent shall on demand promptly reimburse each other Paying Agent for payments in respect of Covered Bonds properly made by each Paying Agent in accordance with this Agreement and the Conditions unless the Fiscal Agent has notified the relevant Paying Agent, prior to its opening of business on the due date of a payment in respect of the Covered Bonds, that the Fiscal Agent does not expect to receive sufficient funds to make payment of all amounts falling due in respect of the Covered Bonds. Such interest shall be compounded daily.
- 7.11 Whilst any Covered Bonds are represented by Global Covered Bonds, all payments due in respect of the Covered Bonds shall be made to, the holder of the Global Covered Bonds, subject to and in accordance with the provisions of the Global Covered Bonds. On the occasion of each payment, (a) in the case of a Bearer Global Covered Bond which is a CGCB, the Paying Agent to which such Bearer Global Covered Bond was presented for the purpose of making the payment shall cause the appropriate Schedule to the relevant Bearer Global Covered Bond to be annotated so as to evidence the amounts and dates of the payments of principal and/or interest as applicable; or (b) in the case of a Bearer Global Covered Bond which is an NGN or any Registered Global Covered Bond which is held under the NSS Fiscal Agent shall instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records to reflect such payment.
- 7.12 If the amount of principal and/or interest then due for payment is not paid in full (otherwise than by reason of a deduction required by law to be made or by reason of a FATCA Withholding or a certification required by the terms of a Covered Bond not being received), (a) the Paying Agent to which a Bearer Covered Bond, Receipt or Coupon (as the case may be) is presented for the purpose of making the payment shall, unless the Bearer Covered Bond is NGCB, make a record of the shortfall on the relevant Bearer Covered Bond, Receipt or Coupon or, in the case of payments of interest on Registered Covered Bonds, the Registrar shall make a record in the Registered Covered Bond Register and each record shall, in the absence of manifest error, be prima facie evidence that the payment in question has not to that extent been made; or (b) in the case of any Bearer Global Covered Bond which is an NGCB, the Fiscal Agent shall instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records to reflect such shortfall in payment. In addition, in the case of any Registered Global Covered Bond which is held under the NSS, the Registrar or the Fiscal Agent shall also instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records to reflect such shortfall in payment.

## **8. DETERMINATIONS AND NOTIFICATIONS IN RESPECT OF COVERED BONDS AND INTEREST DETERMINATION**

### **8.1 Determinations and notifications**

- (a) The Fiscal Agent shall, unless otherwise specified in the applicable Final Terms, make all the determinations and calculations which it is required to make under the Conditions, all subject to and in accordance with the Conditions.
- (b) The Fiscal Agent shall not be responsible to the Issuer or to any third party as a result of the Fiscal Agent having acted on any quotation given by any Reference Bank which subsequently may be found to be incorrect.
- (c) The Fiscal Agent shall promptly notify (and confirm in writing to) the Issuer, the other Paying Agents and (in respect of a Series of Covered Bonds, other than CSD Covered Bonds, listed on a Stock Exchange) the relevant Stock Exchange by (other than where it is not the Calculation Agent, in which event it shall do so as soon as reasonably practicable after the Calculation Agent has notified the Fiscal Agent of such) no later than the first day of each Interest Period of each Rate of Interest, Interest Amount and Interest Payment Date and all other amounts, rates and dates which it

is obliged to determine or calculate under the Conditions as soon as practicable after their determination and of any subsequent amendments to them under the Conditions.

- (d) The Fiscal Agent shall use its best endeavours to cause each Rate of Interest, Interest Amount and Interest Payment Date and all other amounts, rates and dates which it is obliged to determine or calculate under the Conditions to be published as required in accordance with the Conditions as soon as possible after their determination or calculation.
- (e) If the Fiscal Agent does not at any time for any reason determine and/or calculate and/or publish the Rate of Interest, Interest Amount and/or Interest Payment Date in respect of any Interest Period or any other amount, rate or date as provided in this Clause 8, it shall immediately notify the Issuer and the other Paying Agents of that fact.
- (f) Determinations with regard to Covered Bonds (including, without limitation, Inflation Linked Covered Bonds) required to be made by a Calculation Agent specified in the applicable Final Terms shall be made in the manner so specified. Unless otherwise agreed between the Issuer and the relevant Dealer or the Lead Manager, as the case may be, or unless the Fiscal Agent is the Calculation Agent (in which case the provisions of this Agreement shall apply), those determinations shall be made on the basis of a Calculation Agency Agreement substantially in the form of Schedule 1. Covered Bonds of any Series may specify additional duties and obligations of any Paying Agent, the performance of which will be agreed between the Issuer and the relevant Paying Agent prior to the relevant Issue Date.

## **8.2 Interest determination**

- (a) Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:
  - (i) the offered quotation; or
  - (ii) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Fiscal Agent or the Calculation Agent, as applicable. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Fiscal Agent or Calculation Agent, as applicable, for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

- (b) If the Relevant Screen Page is not available or if, in the case of Clause 8.2(a)(i), no offered quotation appears or, in the case of Clause 8.2(a)(ii), fewer than three offered quotations appear, in each case as at the Specified Time, the Issuer shall request each of the Reference Banks to provide the Fiscal Agent or the Calculation Agent, as applicable, with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Fiscal Agent or the Calculation Agent, as applicable, with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Fiscal Agent or the Calculation Agent, as applicable.

- (c) If on any Interest Determination Date one only or none of the Reference Banks provides the Fiscal Agent or the Calculation Agent, as applicable, at the request of the Issuer, with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Fiscal Agent or the Calculation Agent, as applicable, at the request of the Issuer, determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to the Fiscal Agent or the Calculation Agent, as applicable, at the request of the Issuer, by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Fiscal Agent or the Calculation Agent, as applicable, at the request of the Issuer, with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Fiscal Agent or the Calculation Agent, as applicable, at the request of the Issuer, it is quoting to leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).
- (d) If the Reference Rate from time to time in respect of Floating Rate Covered Bonds is specified in the applicable Final Terms as being other than EURIBOR, the Rate of Interest in respect of the Covered Bonds will be determined as provided in the applicable Final Terms.

## **9. NOTICE OF ANY WITHHOLDING OR DEDUCTION**

- 9.1 If the Issuer is, in respect of any payment, compelled to withhold or deduct any amount for or on account of taxes, duties, assessments or governmental charges as specifically contemplated under the Conditions, it shall give notice of that fact to the Fiscal Agent and the Registrar as soon as it becomes aware of the requirement to make the withholding or deduction and shall give to the Fiscal Agent and the Registrar such information as the either of them shall require to pass on to the relevant clearing system to enable it to comply with the requirement.
- 9.2 The Issuer shall notify the Fiscal Agent and the Registrar in the event that they determine that any payment to be made by a Paying Agent under the Covered Bonds is a payment which could be subject to FATCA Withholding if such payment were made to a recipient that is generally unable to receive payments free from FATCA Withholding, and the extent to which the relevant payment is so treated, provided, however, that the Issuer's obligation under this Clause 9.2 shall apply only to the extent that such payments are so treated by virtue of characteristics of the Issuer and/or the Covered Bonds.
- 9.3 Notwithstanding any other provision of this Agreement, the Paying Agents shall be entitled to make a deduction or withholding from any payment which it makes under any Covered Bonds for or on account of any Tax, if and only to the extent so required by Applicable Law, in which event the Agent shall make such payment after such deduction or withholding has been made and shall account to the relevant Authority within the time allowed for the amount so deducted or withheld or, at its option, shall reasonably promptly after making such payment return to the Issuer the amount so

deducted or withheld, in which case, the Issuer shall so account to the relevant Authority for such amount. For the avoidance of doubt, FATCA Withholding is a deduction or withholding which is deemed to be required by Applicable Law for the purposes of this Clause 9.3.

- 9.4 In the event that the Issuer becomes aware or is notified that any deduction or withholding for or on account of any Tax will be required by Applicable Law in connection with any payment due to any of the Agents on any Covered Bonds, then the Issuer will be entitled but not obliged to redirect or reorganise any such payment in any way that they see fit in order that the payment may be made without such deduction or withholding provided that, any such redirected or reorganised payment is made through a recognised institution of international standing and otherwise made in accordance with Applicable Law, this Agreement and the Trust Deed. The Issuer will promptly notify the Agents of any such redirection or reorganisation. For the avoidance of doubt, FATCA Withholding is a deduction or withholding which is deemed to be required by Applicable Law for the purposes of this Clause 9.4.
- 9.5 Each party shall, within ten business days of a written request by another party, supply to that other party such forms, documentation and other information relating to it, its operations, or the Covered Bonds as that other party reasonably requests for the purposes of that other party's compliance with Applicable Law and shall notify the relevant other party reasonably promptly in the event that it becomes aware that any of the forms, documentation or other information provided by such party is (or becomes) inaccurate in any material respect; provided, however, that no party shall be required to provide any forms, documentation or other information pursuant to this Clause 9.5 to the extent that: (i) any such form, documentation or other information (or the information required to be provided on such form or documentation) is not reasonably available to such party and cannot be obtained by such party using reasonable efforts; or (ii) doing so would or might in the reasonable opinion of such party constitute a breach of any: (a) Applicable Law; (b) fiduciary duty; or (c) duty of confidentiality. For purposes of this Clause 9.5, "Applicable Law" shall be deemed to include (i) any rule or practice of any Authority by which any party is bound or with which it is accustomed to comply; (ii) any agreement between any Authorities; and (iii) any agreement between any Authority and any party that is customarily entered into by institutions of a similar nature.

## 10. OTHER DUTIES OF THE REGISTRAR

- 10.1 The Registrar shall perform the duties set out in this Agreement and the Conditions and, in performing those duties, shall act in accordance with this Agreement and the Conditions.
- 10.2 The Registrar shall so long as any Registered Covered Bond is outstanding:
- (a) maintain at its specified office a register (the **Registered Covered Bond Register**) of the holders of the Registered Covered Bonds which shall show (i) the nominal amount of Covered Bonds represented by each Registered Global Covered Bond, (ii) the nominal amounts and the serial numbers of the Definitive Registered Covered Bonds, (iii) the dates of issue of all Registered Covered Bonds, (iv) all subsequent transfers and changes of ownership of Registered Covered Bonds, (v) the names and addresses of the holders of the Registered Covered Bonds, (vi) all cancellations of Registered Covered Bonds, whether because of their purchase by the Issuer or any Subsidiary of the Issuer, replacement or otherwise and (vii) all replacements of Registered Covered Bonds (subject, where appropriate, in the case of (vi), to the Registrar having been notified as provided in this Agreement);
  - (b) effect exchanges of interests between different Registered Global Covered Bonds of the same Series, and interests in Registered Global Covered Bonds for Definitive Registered Covered Bonds and vice versa, in accordance with the Conditions and this Agreement, keep

a record of all exchanges and ensure that the Fiscal Agent is notified immediately after any exchange;

- (c) register all transfers of Definitive Registered Covered Bonds;
- (d) make any necessary notations on Registered Global Covered Bonds following transfer or exchange of interests in them;
- (e) receive any document in relation to or affecting the title to any of the Registered Covered Bonds including all forms of transfer, forms of exchange, probates, letters of administration and powers of attorney;
- (f) immediately, and in any event within three Business Days (being days when banks are open for business in the city in which the specified office of the Registrar is located) of the relevant request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), (i) upon receipt by it of Definitive Registered Covered Bonds for transfer (together with any certifications required by it including, but not limited to, a Transfer Certificate) or (ii) following the endorsement of a reduction in nominal amount of a Registered Global Covered Bond for exchange into Definitive Registered Covered Bonds, authenticate and deliver at its specified office to the transferee or (at the risk of the transferee) send to the address requested by the transferee duly dated and completed Definitive Registered Covered Bonds of a like aggregate nominal amount to the Definitive Registered Covered Bonds transferred and, in the case of the transfer of part only of a Definitive Registered Covered Bond, authenticate and deliver at its specified office to the transferor or (at the risk of the transferor) send to the address requested by the transferor a duly dated and completed Definitive Registered Covered Bond in respect of the balance of the Definitive Registered Covered Bonds not so transferred;
- (g) if appropriate, charge to the holder of a Registered Covered Bond presented for exchange or transfer (i) the costs or expenses (if any) of delivering Registered Covered Bonds issued on exchange or transfer other than by regular uninsured mail and (ii) a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration;
- (h) maintain proper records of the details of all documents and certifications (including, but not limited to, certifications in the form of Schedule 7) received by itself or any other Transfer Agent (subject to receipt of all necessary information from the other Transfer Agents);
- (i) prepare any lists of holders of the Registered Covered Bonds required by the Issuer or the Fiscal Agent or any person authorised by either of them;
- (j) subject to applicable laws and regulations at all reasonable times during office hours make the Registered Covered Bond Register available to the Issuer or any person authorised by it or the holder of any Registered Covered Bond for inspection and for the taking of copies or extracts;
- (k) comply with the reasonable requests of the Issuer with respect to the maintenance of the Registered Covered Bond Register and give to the other Agents any information reasonably required by them for the proper performance of their duties; and
- (l) comply with the terms of any Transfer Notices.

10.3 Notwithstanding anything to the contrary in this Agreement, in the event of a partial redemption of Covered Bonds under Condition 8 (Redemption and Purchase), the Registrar shall not be required, unless so directed by the Issuer, (a) to register the transfer of Definitive Registered Covered Bonds



(or parts of Definitive Registered Covered Bonds) or to effect exchanges of interests in Registered Global Covered Bonds for Definitive Registered Covered Bonds or vice versa during the period beginning on the 65 day before the date of the partial redemption and ending on the day on which notice is given specifying the serial numbers of Covered Bonds called (in whole or in part) for redemption (both inclusive) or (b) to register the transfer of any Registered Covered Bond (or part of a Registered Covered Bond) called for partial redemption.

10.4 Registered Covered Bonds shall be dated:

- (a) in the case of a Registered Covered Bond issued on the Issue Date, the Issue Date; or
- (b) in the case of a Definitive Registered Covered Bond issued in exchange for an interest in a Registered Global Covered Bond, or upon transfer, with the date of registration in the Registered Covered Bond Register of the exchange or transfer; or
- (c) in the case of a Definitive Registered Covered Bond issued to the transferor upon transfer in part of a Registered Covered Bond, with the same date as the date of the Registered Covered Bond transferred; or
- (d) in the case of a Definitive Registered Covered Bond issued under Condition 11 (Replacement of Covered Bonds, Coupons, Receipts and Talons), with the same date as the date of the lost, stolen, mutilated, defaced or destroyed Registered Covered Bond in replacement of which it is issued.

10.5 The Registrar hereby undertakes that it will not maintain the Registered Covered Bond Register or a duplicate of the Registered Covered Bond Register within the United Kingdom or permit the Registered Covered Bond Register or any such duplicate to enter the United Kingdom.

## **11. DUTIES OF THE TRANSFER AGENT**

11.1 Each Transfer Agent shall perform the duties set out in this Agreement and the Conditions and, in performing those duties, shall act in accordance with the Conditions and this Agreement.

11.2 Each Transfer Agent shall:

- (a) accept Registered Covered Bonds delivered to it, with the form of transfer on them duly executed, together with, as applicable, any Transfer Certificate for the transfer or exchange of all or part of the Registered Covered Bond in accordance with the Conditions, and shall, in each case, give to the Registrar all relevant details required by it;
- (b) keep a stock of the forms of Transfer Certificates and make such forms available on demand to holders of the Covered Bonds;
- (c) immediately, and in any event within three Business Days (being days when banks are open for business in the city in which the specified office of the Registrar is located) of the relevant request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), (i) upon receipt by it of Definitive Registered Covered Bonds for transfer (together with any certifications required by it including, but not limited to, a Transfer Certificate) or (ii) following the endorsement of a reduction in the nominal amount of a Registered Global Covered Bond for exchange into Definitive Registered Covered Bonds, authenticate and deliver at its specified office to the transferee or (at the risk of the transferee) send to the address requested by the transferee duly dated and completed Definitive Registered Covered Bonds of a like aggregate nominal amount to the Definitive Registered Covered Bonds transferred and, in the case of the transfer of part only of a Definitive Registered Covered Bond, authenticate and deliver at its specified office to the

transferor or (at the risk of the transferor) send to the address requested by the transferor a duly dated and completed Definitive Registered Covered Bond in respect of the balance of the Definitive Registered Covered Bonds not so transferred;

- (d) if appropriate, charge to the holder of a Registered Covered Bond presented for exchange or transfer (i) the costs and expenses (if any) of delivering Registered Covered Bonds issued on exchange or transfer other than by regular uninsured mail and (ii) a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration and, in each case, account to the Registrar for those charges; and
- (e) at the request of any Paying Agent deliver new Registered Covered Bonds to be issued on partial redemptions of a Registered Covered Bond.

## **12. REGULATIONS FOR TRANSFERS OF REGISTERED COVERED BONDS**

Subject as provided below, the Issuer may from time to time agree with the Fiscal Agent and the Registrar reasonable regulations to govern the transfer and registration of Registered Covered Bonds. The initial regulations, which shall apply until amended under this clause, are set out in Schedule 10. Each Transfer Agent agree to comply with the regulations as amended from time to time.

## **13. DUTIES OF THE PAYING AGENTS IN CONNECTION WITH EARLY REDEMPTION**

- 13.1 If the Issuer decides to redeem any Covered Bonds for the time being outstanding before their Maturity Date in accordance with the Conditions, the Issuer shall give notice of the decision to the Fiscal Agent and, in the case of redemption of Registered Covered Bonds, the Registrar stating the date on which the Covered Bonds are to be redeemed and the nominal amount of Covered Bonds to be redeemed not less than 15 days before the date on which the Issuer will give notice to the Covered Bondholders in accordance with the Conditions of the redemption in order to enable the Fiscal Agent and, if applicable, the Registrar to carry out its duties in this Agreement and in the Conditions.
- 13.2 If some only of the Covered Bonds are to be redeemed, the Fiscal Agent shall, in the case of Definitive Covered Bonds, make the required drawing in accordance with the Conditions but shall give the Issuer reasonable notice of the time and place proposed for the drawing and the Issuer shall be entitled to send representatives to attend the drawing and shall, in the case of Covered Bonds in global form, co-ordinate the selection of Covered Bonds to be redeemed with Euroclear and Clearstream, Luxembourg, all in accordance with the Conditions.
- 13.3 The Fiscal Agent shall, on behalf of and at the request and expense of the Issuer, publish the notice required in connection with any redemption and shall, if applicable, at the same time also publish a separate list of the serial numbers of any Covered Bonds in definitive form previously drawn and not presented for redemption. The redemption notice shall specify the date fixed for redemption, the redemption amount, the manner in which redemption will be effected and, in the case of a partial redemption of Definitive Covered Bonds, the serial numbers of the Covered Bonds to be redeemed. The notice will be published, on behalf of and at the request and expense of the Issuer, in accordance with the Conditions. The Fiscal Agent will also notify the other Paying Agents of any date fixed for redemption of any Covered Bonds.
- 13.4 Each Registrar and Paying Agent will keep a stock of Put Notices and will make them available on demand to holders of Definitive Covered Bonds, the Conditions of which provide for redemption at the option of Covered Bondholders. Upon receipt of any Covered Bond deposited in the exercise of a put option in accordance with the Conditions, the Registrar or, as the case may be, the Paying Agent with which the Covered Bond is deposited shall hold the Covered Bond (together with any Receipts, Coupons and Talons relating to it deposited with it) on behalf of the depositing Covered Bond Holder (but shall not, save as provided below, release it) until the due date for redemption of the relevant Covered Bond consequent upon the exercise of the option, when, subject as provided

below, it shall present the Covered Bond (and any such unmatured Receipts, Coupons and Talons) to itself for payment of the amount due together with any interest due on the date of redemption in accordance with the Conditions and shall pay those moneys in accordance with the directions of the Covered Bond Holder contained in the relevant Put Notice. If, prior to the due date for its redemption, the Covered Bond becomes immediately due and repayable or if upon due presentation payment of the redemption moneys is improperly withheld or refused, the Registrar or, as the case may be, the Paying Agent concerned shall post the Covered Bond (together with any such Receipts, Coupons and Talons) by uninsured post to, and at the risk of, the relevant Covered Bond Holder (unless the Covered Bond Holder has otherwise requested and paid the costs of insurance to the relevant Registrar or, as the case may be, the Paying Agent at the time of depositing the Covered Bonds) at the address given by the Covered Bond Holder in the relevant Put Notice. In the case of a partial redemption of Registered Covered Bonds, the Registrar shall, in accordance with the Conditions, post a new Covered Bond in respect of the balance of the Covered Bonds not redeemed to the registered holder. At the end of each period for the exercise of any put option, the Registrar and each Paying Agent shall promptly notify the Fiscal Agent of the principal amount of the Covered Bonds in respect of which the option has been exercised with it together with their serial numbers and the Fiscal Agent shall promptly notify those details to the Issuer.

#### **14. EXTENDABLE OBLIGATIONS**

- 14.1 The applicable Final Terms may provide that the obligations to pay the Final Redemption Amount of the applicable Series of Covered Bonds on their Maturity Date may be deferred until the Extended Final Maturity Date, provided that any amount representing the amount due on the Final Maturity Date as set out in the applicable Final Terms due and remaining unpaid on the Final Maturity Date may be paid on any Interest Payment Date thereafter up to and including (but no later than) the relevant Extended Final Maturity Date. Such deferral will occur in accordance with Condition 8.1 (Redemption at Maturity). Interest will continue to accrue on any unpaid amount and will be payable on each Interest Payment Date falling after the Maturity Date up to (and including) the Extended Final Maturity Date.
- 14.2 The Issuer undertakes to give the Fiscal Agent not less than four Business Days notice prior to the Maturity Date (or, if it has not received a Maturity Extension Approval (as defined in Condition 8.1 (Redemption at Maturity)) at such time, promptly on receipt of such Maturity Extension Approval (as defined in Condition 8.1 (Redemption at Maturity))) whether (a) payment will be made of the Final Redemption Amount of the applicable Series of Covered Bonds in full on their Maturity Date or (b) the obligation to pay the Final Redemption Amount of the applicable Series of Covered Bonds on their Maturity Date shall be deferred until the Extended Final Maturity Date (the **Extension Notice**). Notwithstanding the foregoing, the Issuer shall promptly give notice to the Fiscal Agent of any Maturity Extension Approval (as defined in Condition 8.1 (Redemption at Maturity)).
- 14.3 Forthwith upon the receipt by the Fiscal Agent of the Extension Notice, the Fiscal Agent shall notify Clearstream, Luxembourg and Euroclear not less than three Business Days prior to the Maturity Date whether (a) payment will be made of the Final Redemption Amount of the applicable Series of Covered Bonds in full on their Maturity Date or (b) the obligation to pay the Final Redemption Amount of the applicable Series of Covered Bonds on their Maturity Date shall be deferred until the Extended Final Maturity Date.
- 14.4 For the avoidance of doubt, a failure by the Issuer to make a notification under this Clause 14 shall not affect the validity or effectiveness of any extension of a Series of Covered Bonds under Condition 8.1 (Redemption at Maturity).

## **15. RECEIPT AND PUBLICATION OF NOTICES**

- 15.1 Immediately after it receives a demand or notice from any Covered Bond Holder in accordance with the Conditions, the Fiscal Agent shall forward a copy to the Issuer.
- 15.2 On behalf of and at the request and expense of the Issuer, the Fiscal Agent shall cause to be published all notices required to be given by the Issuer to the Covered Bondholders in accordance with the Conditions.

## **16. CANCELLATION OF COVERED BONDS, RECEIPTS, COUPONS AND TALONS**

- 16.1 All Covered Bonds which are redeemed, all Global Covered Bonds which are exchanged in full, all Registered Covered Bonds which have transferred, all Receipts or Coupons which are paid and all Talons which are exchanged shall be cancelled by the Fiscal Agent by which they are redeemed, exchanged, transferred or paid. In addition, the Issuer shall immediately notify the Fiscal Agent in writing of all Covered Bonds which are purchased on behalf of the Issuer or any of its Subsidiaries and all such Covered Bonds surrendered to a Fiscal Agent for cancellation, together (in the case of Definitive Bearer Covered Bonds) with all unmatured Receipts, Coupons or Talons (if any) attached to them or surrendered with them, and such Covered Bonds shall be cancelled by the Fiscal Agent to which they are surrendered. Each of the Fiscal Agents shall give to the Fiscal Agent details of all payments made by it and shall deliver all cancelled Covered Bonds, Receipts, Coupons and Talons to the Fiscal Agent or as the Fiscal Agent may specify.
- 16.2 The Fiscal Agent shall deliver to the Issuer as soon as reasonably practicable and in any event within three months after the date of each repayment, payment, cancellation or replacement, as the case may be, a certificate stating:
- (a) the aggregate nominal amount of Covered Bonds which have been redeemed and the aggregate amount paid in respect of them;
  - (b) the number of Covered Bonds cancelled together (in the case of Covered Bonds in definitive form) with details of all unmatured Receipts, Coupons or Talons attached to them or delivered with them;
  - (c) the aggregate amount paid in respect of interest on the Covered Bonds;
  - (d) the total number by maturity date of Receipts, Coupons and Talons cancelled; and
  - (e) (in the case of Definitive Covered Bonds) the serial numbers of the Covered Bonds.
- 16.3 The Fiscal Agent shall destroy all cancelled Covered Bonds, Receipts, Coupons and Talons and, immediately following their destruction, send to the Issuer a certificate stating the serial numbers of the Covered Bonds (in the case of Covered Bonds in definitive form) and the number by maturity date of Receipts, Coupons and Talons destroyed.
- 16.4 Without prejudice to the obligations of the Fiscal Agent under Clause 16.2, the Fiscal Agent shall keep a full and complete record of all Covered Bonds, Receipts, Coupons and Talons (other than serial numbers of Coupons) and of their redemption, purchase on behalf of the Issuer or any of its Subsidiaries and cancellation, payment or replacement (as the case may be) and of all replacement Covered Bonds, Receipts, Coupons or Talons issued in substitution for mutilated, defaced, destroyed, lost or stolen Covered Bonds, Receipts, Coupons or Talons. The Fiscal Agent in respect of Coupons of each maturity retain (in the case of Coupons other than Talons) until the expiry of ten years from the Relevant Date in respect of such Coupons and (in the case of Talons) indefinitely either all paid or exchanged Coupons of that maturity or a list of the serial numbers of Coupons of that maturity still remaining unpaid or unexchanged. The Fiscal Agent shall at all reasonable times

make the record available to the Issuer and any persons authorised by it for inspection and for the taking of copies of it or extracts from it.

- 16.5 The Fiscal Agent is authorised by the Issuer and instructed to (a) in the case of any Bearer Global Covered Bond which is a CGCB, to endorse or to arrange for the endorsement of the relevant Bearer Global Covered Bond to reflect the reduction in the nominal amount represented by it by the amount so redeemed or purchased and cancelled and (b) in the case of any Bearer Global Covered Bond which is an NGCB and in the case of any Registered Global Covered Bond which is held under the NSS, to instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records to reflect such redemption or purchase and cancellation, as the case may be; provided, that, in the case of a purchase or cancellation, the Issuer has notified the Fiscal Agent of the same in accordance with Clause 16.1.

## **17. ISSUE OF REPLACEMENT COVERED BONDS, RECEIPTS, COUPONS AND TALONS**

- 17.1 The Issuer will cause a sufficient quantity of additional forms of (a) Bearer Covered Bonds, Receipts, Coupons and Talons to be available, upon request, to the Fiscal Agent at its specified office for the purpose of issuing replacement Bearer Covered Bonds, Receipts, Coupons and Talons as provided below and (b) Registered Covered Bonds, to be available, upon request, to the Registrar at its specified office for the purpose of issuing replacement Registered Covered Bonds as provided below.

- 17.2 The Fiscal Agent and the Registrar will, subject to and in accordance with the Conditions and this Clause 17, cause to be delivered any replacement Covered Bonds, Receipts, Coupons and Talons which the Issuer may determine to issue in place of Covered Bonds, Receipts, Coupons and Talons which have been lost, stolen, mutilated, defaced or destroyed.

- 17.3 In the case of a mutilated or defaced Bearer Covered Bond, the Fiscal Agent shall ensure that (unless otherwise covered by such indemnity as the Issuer may reasonably require) any replacement Bearer Covered Bond will only have attached to it Receipts, Coupons and Talons corresponding to those (if any) attached to the mutilated or defaced Covered Bond which is presented for replacement.

- 17.4 The Fiscal Agent or the Registrar, as the case may be, shall obtain verification in the case of an allegedly lost, stolen or destroyed Covered Bond, Receipt, Coupon or Talon in respect of which the serial number is known, that the Covered Bond, Receipt, Coupon or Talon has not previously been redeemed, paid or exchanged, as the case may be. Neither the Fiscal Agent nor, as the case may be, the Registrar shall not issue any replacement Covered Bond, Receipt, Coupon or Talon unless and until the claimant shall have:

- (a) paid the costs and expenses incurred in connection with the issue;
- (b) provided it with such evidence and indemnity as the Issuer may reasonably require; and
- (c) in the case of any mutilated or defaced Covered Bond, Receipt, Coupon or Talon, surrendered it to the Fiscal Agent or, as the case may be, the Registrar.

- 17.5 The Fiscal Agent or, as the case may be, the Registrar shall cancel any mutilated or defaced Covered Bonds, Receipts, Coupons and Talons in respect of which replacement Covered Bonds, Receipts, Coupons and Talons have been issued under this Clause 17 and shall furnish the Issuer with a certificate stating the serial numbers of the Covered Bonds, Receipts, Coupons and Talons cancelled and, unless otherwise instructed by the Issuer in writing, shall destroy the cancelled Covered Bonds, Receipts, Coupons and Talons and give to the Issuer a destruction certificate containing the information specified in Clause 16.3.

- 17.6 The Fiscal Agent or, as the case may be, the Registrar shall, on issuing any replacement Covered Bond, Receipt, Coupon or Talon, immediately inform the Issuer and the other Paying Fiscal Agents of the serial number of the replacement Covered Bond, Receipt, Coupon or Talon issued and (if known) of the serial number of the Covered Bond, Receipt, Coupon or Talon in place of which the replacement Covered Bond, Receipt, Coupon or Talon has been issued. Whenever replacement Receipts, Coupons or Talons are issued, the Fiscal Agent or, as the case may be, the Registrar shall also notify the other Paying Agents of the maturity dates of the lost, stolen, mutilated, defaced or destroyed Receipts, Coupons or Talons and of the replacement Receipts, Coupons or Talons issued.
- 17.7 The Fiscal Agent and the Registrar shall keep a full and complete record of all replacement Covered Bonds, Receipts, Coupons and Talons issued and shall make the record available at all reasonable times to the Issuer and any persons authorised by it for inspection and for the taking of copies of it or extracts from it.
- 17.8 Whenever any Bearer Covered Bond, Receipt, Coupon or Talon for which a replacement Bearer Covered Bond, Receipt, Coupon or Talon has been issued and in respect of which the serial number is known is presented to a Paying Agent for payment, the relevant Paying Agent shall immediately send notice of that fact to the Issuer and the other Paying Agents.
- 17.9 The Paying Agents shall issue further Coupon sheets against surrender of Talons. A Talon so surrendered shall be cancelled by the relevant Paying Agent who (except where the Paying Agent is the Fiscal Agent) shall inform the Fiscal Agent of its serial number. Further Coupon sheets issued on surrender of Talons shall carry the same serial number as the surrendered Talon.

## **18. COPIES OF DOCUMENTS AVAILABLE FOR INSPECTION**

Each Paying Agent shall hold available for inspection or collection at its specified office during normal business hours copies of all documents required to be so available by the Conditions of any Covered Bonds or the rules of any relevant Stock Exchange (or any other relevant authority). For these purposes, the Issuer shall provide the Paying Agents with sufficient copies of each of the relevant documents. Each Paying Agent shall provide by email to a Covered Bondholder copies of all documents required to be so available by the Conditions of any Covered Bonds, following the Covered Bondholder's prior written request and provision of proof of holding and identity (in a form satisfactory to the relevant Paying Agent).

## **19. MEETINGS OF COVERED BONDHOLDERS**

- 19.1 The provisions of Schedule 5 shall apply to meetings of the Covered Bondholders and shall have effect in the same manner as if set out in this Agreement.
- 19.2 Without prejudice to Clause 19.1, each of the Paying Agents on the request of any holder of Covered Bonds shall issue voting certificates and block voting instructions in accordance with Schedule 5 and shall immediately give notice to the Issuer in writing of any revocation or amendment of a block voting instruction. Each of the Paying Agents will keep a full and complete record of all voting certificates and block voting instructions issued by it and will, not less than 24 hours before the time appointed for holding a meeting or adjourned meeting, deposit at such place as the Fiscal Agent shall approve, full particulars of all voting certificates and block voting instructions issued by it in respect of the meeting or adjourned meeting.

## **20. COMMISSIONS AND EXPENSES**

- 20.1 The Issuer agrees to pay to the Fiscal Agent such fees and commissions as the Issuer and the Fiscal Agent shall separately agree in respect of the services of the Agents under this Agreement together with any out of pocket expenses (including legal, printing, postage, fax, cable and advertising expenses) incurred by the Agents in connection with their services.

- 20.2 The Fiscal Agent will make payment of the fees and commissions due under this Agreement to the other Agents and will reimburse their expenses promptly after the receipt of the relevant moneys from the Issuer. The Issuer shall not be responsible for any payment or reimbursement by the Fiscal Agent to the other Agents.
- 20.3 The Issuer acknowledges and agrees that the fees, costs and expenses payable to the Agents pursuant to this Clause 20 and Clause 21 are necessary to ensure the continued uninterrupted maintenance of the Cover Pool and timely payments to the Covered Bondholders.

## **21. INDEMNITY**

- 21.1 The Issuer shall indemnify each of the Agents (together with their directors, officers and employees) against any losses, liabilities, costs, claims, actions, demands or expenses (together, **Losses**) (including, but not limited to, all reasonable costs, legal fees, charges and expenses (together, **Expenses**) paid or incurred in disputing or defending any Losses) which it may incur or which may be made against it as a result of or in connection with its appointment or the exercise of its powers and duties under this Agreement except for any Losses or Expenses resulting from its own wilful default, negligence, fraud or bad faith or that of its officers, directors or employees or the material breach by it of the terms of this Agreement.
- 21.2 The indemnity set out in Clauses 21.1 above shall survive any termination of this Agreement.
- 21.3 In no event will any Agent be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to loss of profits, goodwill, reputation, business opportunity or anticipated saving), whether or not foreseeable, even if such Agent has been advised of the likelihood of such loss or damage and regardless of whether the claim for loss or damage is made in negligence, for breach of contract or otherwise.

## **22. RESPONSIBILITY OF THE AGENTS**

- 22.1 No Agent shall be responsible to anyone with respect to the validity of this Agreement or the Covered Bonds, Receipts or Coupons or for any act or omission by it in connection with this Agreement or any Covered Bond, Receipt or Coupon except for its own negligence, wilful default, fraud or bad faith, including that of its officers and employees.
- 22.2 No Agent shall have any duty or responsibility in the case of any default by the Issuer in the performance of its obligations under the Conditions or, in the case of receipt of a written demand from a Covered Bond Holder or Couponholder, with respect to such default.
- 22.3 Whenever in the performance of its duties under this Agreement a Paying Agent shall deem it desirable that any matter be established by the Issuer prior to taking or suffering any action under this Agreement, such matter may be deemed to be conclusively established by a certificate signed by the Issuer and delivered to the Paying Agent and the certificate shall be a full authorisation to the Paying Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon the certificate.

## **23. CONDITIONS OF APPOINTMENT**

- 23.1 Each Agent shall be entitled to deal with money paid to it by the Issuer for the purpose of this Agreement in the same manner as other money paid to a banker by its customers except:
- (a) that it shall not exercise any right of set-off, lien or similar claim in respect of the money; and
  - (b) that it shall not be liable to account to the Issuer for any interest on the money.

- 23.2 In acting under this Agreement and in connection with the Covered Bonds, each Agent shall act solely as an agent of the Issuer and will not assume any obligations towards or relationship of agency or trust for or with any of the owners or holders of the Covered Bonds, Receipts, Coupons or Talons.
- 23.3 Each Agent undertakes to the Issuer to perform its duties, and shall be obliged to perform the duties and only the duties, specifically stated in this Agreement, (including Schedule 9 in the case of the Fiscal Agent) the Conditions, the Procedures Memorandum and the applicable Final Terms, and no implied duties or obligations shall be read into any of those documents against any Agent, other than the duty to act honestly and in good faith and to exercise the diligence of a reasonably prudent agent in comparable circumstances. Each of the Agents (other than the Fiscal Agent) agrees that if any information that is required by the Fiscal Agent to perform the duties set out in Schedule 9 becomes known to it, it will promptly provide such information to the Fiscal Agent.
- 23.4 The Fiscal Agent and the Registrar may consult with legal and other professional advisers and the opinion of the advisers shall be full and complete protection in respect of any action taken, omitted or suffered under this Agreement in good faith and in accordance with the opinion of the advisers.
- 23.5 Each Agent shall be protected and shall incur no liability in respect of any action taken, omitted or suffered in reliance on any instruction or certificate from the Issuer or any document which it reasonably believes to be genuine and to have been delivered by the proper party or on written instructions from the Issuer.
- 23.6 No Agent will be required to carry out any duty which would be illegal or contrary to any laws applicable to it.
- 23.7 Any Agent and its officers, directors and employees may become the owner of, and/or acquire any interest in, any Covered Bonds, Receipts, Coupons or Talons with the same rights that they would have had if the Agent concerned were not appointed under this Agreement, and may engage or be interested in any financial or other transaction with the Issuer and may act on, or as depositary, trustee or agent for, any committee or body of holders of Covered Bonds or Coupons or in connection with any other obligations of the Issuer as freely as if the Agent were not appointed under this Agreement.
- 23.8 The Issuer shall provide the Fiscal Agent and the Registrar with a certified copy of the list of persons authorised to execute documents and take action on its behalf in connection with this Agreement and shall notify the Fiscal Agent and the Registrar immediately in writing if any of those persons ceases to be authorised or if any additional person becomes authorised together, in the case of an additional authorised person, with evidence satisfactory to the Fiscal Agent and the Registrar that the person has been authorised.
- 23.9 The Issuer hereby covenants with each Agent, that it will provide the Agent with sufficient information that is within its knowledge and not subject to any obligations of confidentiality, about the source and character for US federal tax purposes of any payment to be made by it pursuant to the Transaction Documents, so as to enable the Agent to determine whether or not the it is obliged to deduct any FATCA Withholding.
- 23.10 Except as otherwise permitted in the Conditions or as ordered by a court of competent jurisdiction or as required by law or applicable regulations, the Issuer and each of the Agents shall be entitled to treat the bearer of any Bearer Covered Bond, Receipt or Coupon and the registered holder of any Registered Covered Bond, as the absolute owner of it (whether or not it is overdue and notwithstanding any notice of ownership or writing on it or notice of any previous loss or theft of it).
- 23.11 The amount of the Programme may be increased by the Issuer in accordance with the procedure set out in the Programme Agreement. Upon any increase being effected, all references in this



Agreement to the amount of the Programme shall be deemed to be references to the increased amount.

23.12 The Issuer covenants and represents that neither they nor any of their affiliates, subsidiaries, directors or officers:

- (i) are the target or subject of any Sanctions enforced by the US Government, (including the OFAC), the United Nations Security Council, the European Union, HM Treasury, or other relevant sanctions authority; and
- (ii) will use any payments made pursuant to this Agreement, (i) to fund or facilitate any activities of or business with any person who, at the time of such funding or facilitation, is the subject or target of Sanctions, (ii) to fund or facilitate any activities of or business with any country or territory that is the target or subject of Sanctions, or (iii) in any other manner that will result in a violation of Sanctions by any person and as if those Sanctions applied to the Issuer.

Sub-clauses (i) and (ii) above will not apply if and to the extent that they are or would be unenforceable by reason of breach of (i) any provision of Council Regulation (EC) No 2271/96 of 22 November 1996 (or any law or regulation implementing such Regulation in any member state of the EEA) or (ii) any similar blocking or anti-boycott law in the United Kingdom or elsewhere. However, if the aforementioned Council Regulation purports to make compliance with any portion of this Clause 23.12 unenforceable by the Issuer, the Issuer will nonetheless take such measures as may be necessary to ensure that it does not use the services in any manner which would cause the Agent and/or Registrar to violate Sanctions applicable to such Agent and/or Registrar.

23.13 Notwithstanding anything in this Agreement to the contrary, the Agent shall not be responsible or liable for any delay or failure to perform under this Agreement or for any losses resulting, in whole or in part, from or caused by any event beyond the reasonable control of the Agent or an affiliate of it (an **Agent Affiliate**) including without limitation: strikes, work stoppages, acts of war, epidemic, terrorism, acts of God, governmental actions, exchange or currency controls or restrictions, devaluations or fluctuations, interruption, loss or malfunction of utilities, communications or any computer (software or hardware) services, the application of any law or regulation in effect now or in the future, or any event in the country in which the relevant duties under this Agreement are performed, (including, but not limited to, nationalisation, expropriation or other governmental actions, regulation of the banking or securities industry, sanctions imposed at national or international level or market conditions) which may affect, limit, prohibit or prevent the performance in full or in part of such duties until such time as such law, regulation or event shall no longer affect, limit, prohibit or prevent such performance (in full or in part) and in no event shall the Agent be obliged to substitute another currency for a currency whose transferability, convertibility or availability has been affected, limited, prohibited or prevented by such law, regulation or event provided that this Clause 23.13 shall not apply if such delay or failure to perform occurred, or such losses were suffered or incurred by the Issuer as a result of, the Agent's or an Agent Affiliate's wilful default, negligence, fraud or bad faith or that of their respective officers, directors or employees or the material breach by the Agent or an Agent Affiliate of the terms of this Agreement.

## **24. COMMUNICATIONS BETWEEN THE PARTIES**

24.1 A copy of all communications relating to the subject matter of this Agreement between the Issuer and any Agent (other than the Fiscal Agent) shall be sent to the Fiscal Agent.

24.2 All parties shall from time to time promptly furnish upon request to the Fiscal Agent any relevant additional information relating to the subject matter of this Agreement.

## 25. CHANGES IN AGENTS

- 25.1 The Issuer agrees that, for so long as any Covered Bond is outstanding, or until moneys for the payment of all amounts in respect of all outstanding Covered Bonds have been made available to the Fiscal Agent and have been returned to the Issuer, as provided in this Agreement:
- (a) so long as any Covered Bonds are listed on any Stock Exchange, there will at all times be a Paying Agent, which may be the Fiscal Agent, and a Transfer Agent, which may be the Registrar, with a specified office in the place required by the rules and regulations of the relevant Stock Exchange or any other relevant authority;
  - (b) there will at all times be an Fiscal Agent and a Registrar;
  - (c) [RESERVED];
  - (d) there will at all times be a Paying Agent in a jurisdiction within continental Europe, other than the jurisdiction in which the Issuer is incorporated; and
  - (e) in the case of CSD Covered Bonds, there will at all times be an CSD Agent authorised to act as an account holding institution with the CSD and one or more calculation agent(s) where the Terms and Conditions of the relevant CSD Covered Bonds so require.

Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency (as provided in Clause 25.5), when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice shall have been given to the Covered Bondholders in accordance with Condition 14 (Notices).

- 25.2 Each of the Fiscal Agent and the Registrar may (subject as provided in Clause 25.4) at any time resign by giving at least 60 days' written notice to the Issuer specifying the date on which its resignation shall become effective.
- 25.3 Each of the Fiscal Agent and the Registrar (subject as provided in Clause 25.4) may be removed at any time by the Issuer on at least 60 days' notice in writing from the Issuer specifying the date when the removal shall become effective.
- 25.4 Any resignation under Clause 25.2 or removal of the Fiscal Agent or the Registrar under Clause 25.3 or 25.5 shall only take effect upon the appointment by the Issuer of a successor Fiscal Agent or Registrar, as the case may be, and (other than in cases of insolvency of the Fiscal Agent or Registrar, as the case may be) on the expiry of the notice to be given under Clause 27. The Issuer agrees with the Fiscal Agent and Registrar that if, by the day falling ten days before the expiry of any notice under Clause 25.2, the Issuer has not appointed a successor Fiscal Agent or Registrar, as the case may be, then the Fiscal Agent or Registrar, as the case may be, shall be entitled, on behalf of the Issuer, to appoint as a successor Fiscal Agent or Registrar, as the case may be, in its place a reputable financial institution of good standing which the Issuer shall approve.
- 25.5 In case at any time any Agent resigns, or is removed, or becomes incapable of acting or is adjudged bankrupt or insolvent, or files a voluntary petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of an administrator, liquidator or administrative or other receiver of all or a substantial part of its property, or admits in writing its inability to pay or meet its debts as they mature or suspends payment of its debts, or if any order of any court is entered approving any petition filed by or against it under the provisions of any applicable bankruptcy or insolvency law or if a receiver of it or of all or a substantial part of its property is appointed or if any officer takes charge or control of it or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, a successor Agent which shall be a reputable financial institution of good standing may be appointed by the Issuer. Upon the appointment of a

successor Agent and acceptance by it of its appointment and (other than in case of insolvency of the Agent when it shall be of immediate effect) upon expiry of the notice to be given under Clause 27, the Agent so superseded shall cease to be an Agent under this Agreement.

- 25.6 Subject to Clause 25.1, the Issuer may, after prior consultation with the Fiscal Agent, terminate the appointment of any of the other Agents at any time and/or appoint one or more further or other Agents by giving to the Fiscal Agent and to the relevant other Agent at least 45 days' notice in writing to that effect (other than in the case of insolvency, on notice in writing to that effect).
- 25.7 Subject to Clause 25.1, all or any of the Agents (other than the Fiscal Agent) may resign their respective appointments under this Agreement at any time by giving the Issuer and the Fiscal Agent at least 45 days' written notice to that effect.
- 25.8 Upon its resignation or removal becoming effective, an Agent shall:
- (a) in the case of the Fiscal Agent, or Registrar, immediately transfer all moneys and records held by it under this Agreement to the successor Agent; and
  - (b) be entitled to the payment by the Issuer of the commissions, fees and expenses payable in respect of its services under this Agreement before termination in accordance with the terms of Clause 20.
- 25.9 Upon its appointment becoming effective, a successor or new Agent shall, without any further action, become vested with all the authority, rights, powers, duties and obligations of its predecessor or, as the case may be, an Agent with the same effect as if originally named as an Agent under this Agreement.
- 25.10 Notwithstanding any other provision in this Agreement, if the Issuer determines, in its sole discretion, that it will be required to withhold or deduct any FATCA Withholding in connection with any payments due on the Covered Bonds and such FATCA Withholding would not have arisen but for the Paying Agent not being or having ceased to be a person to whom payments are free from FATCA Withholding, the Issuer will be entitled to terminate the Paying Agent without notice and such termination will be effective from any such time specified in writing to such Paying Agent.

## **26. MERGER AND CONSOLIDATION**

Any corporation into which any Agent may be merged or converted, or any corporation with which an Agent may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which an Agent shall be a party, or any corporation to which an Agent shall sell or otherwise transfer all or substantially all of its assets shall, on the date when the merger, conversion, consolidation or transfer becomes effective and to the extent permitted by any applicable laws, become the successor Agent under this Agreement without the execution or filing of any paper or any further act on the part of the parties to this Agreement, unless otherwise required by the Issuer and after the said effective date all references in this Agreement to the relevant Agent shall be deemed to be references to such successor corporation. Written notice of any such merger, conversion, consolidation or transfer shall be given promptly to the Issuer by the relevant Agent.

## **27. NOTIFICATION OF CHANGES TO AGENTS**

Following receipt of notice of resignation from an Agent and immediately after appointing a successor or new Agent or on giving notice to terminate the appointment of any Agent, the Fiscal Agent (on behalf of and at the expense of the Issuer) shall give or cause to be given not more than 45 days' nor less than 30 days' notice of the fact to the Covered Bondholders in accordance with the Conditions.

## 28. CHANGE OF SPECIFIED OFFICE

If any Agent determines to change its specified office it shall give to the Issuer and the Fiscal Agent written notice of that fact giving the address of the new specified office which shall be in the same city and stating the date on which the change is to take effect, which shall not be less than 45 days after the notice. The Fiscal Agent (on behalf and at the expense of the Issuer) shall within 15 days of receipt of the notice (unless the appointment of the relevant Agent is to terminate pursuant to Clause 25 on or prior to the date of the change) give or cause to be given not more than 45 days' nor less than 30 days' notice of the change to the Covered Bondholders in accordance with the Conditions.

## 29. COMMUNICATIONS

- 29.1 All communications shall be by telex, fax or letter delivered by hand or (but only where specifically provided in the Procedures Memorandum) by telephone. Each communication shall be made to the relevant party at the telex number, fax number or address or telephone number and, in the case of a communication by telex, fax or letter, marked for the attention of, or (in the case of a communication by telephone) made to, the person or department from time to time specified in writing by that party to the others for the purpose. The initial telephone number, telex number, fax number and person or department so specified by each party are set out in the Procedures Memorandum.
- 29.2 A communication shall be deemed received (if by telex) when a confirmed answerback is received at the end of the transmission, (if by fax) when an acknowledgement of receipt is received, (if by telephone) when made or (if by letter) when delivered, in each case in the manner required by this Clause 29. However, if a communication is received after business hours on any business day or on a day which is not a business day in the place of receipt it shall be deemed to be received and become effective at the opening of business on the next business day in the place of receipt. Every communication shall be irrevocable save in respect of any manifest error in it.
- 29.3 Save in the event of the Agent's own wilful default, negligence, fraud or bad faith or that of its officers, directors or employees or the material breach by it of the terms of this Agreement, in no event shall the Agent be liable for any losses arising from the Agent receiving or transmitting any data from or to the Issuer (or any Authorised Person) or acting upon any notice, instruction or other communications received from the Issuer (or any Authorised Person) via Electronic Means. The Agent has no duty or obligation to verify or confirm that the person who sent such instructions or directions is, in fact, a person authorised to give instructions or directions on behalf of the Issuer (or any Authorised Person). The Issuer agrees that the security procedures, if any, to be followed in connection with a transmission of any such notice, instruction or other communications provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances.

In this Clause 29:

**Authorised Person** means any person who is designated in writing by the Issuer to give instructions to the Agent or any other entity of the Agent under the terms of this Agreement.

**Electronic Means** shall mean any of the following communications methods: (i) non-secure methods of transmission or communication such as e-mail and facsimile transmission and (ii) secure electronic transmission containing applicable authorisation codes, passwords and/or authentication keys issued by the Agent, or another method or system specified by the Agent as available for use in connection with its services hereunder

**Losses** means any and all claims, losses, liabilities, damages, costs, expenses and judgements (including legal fees and expenses) sustained by either party.

**instructions** means written notices, written directions or written instructions received by the Agent or any other entity of the Agent in accordance with the provisions of this Agreement from an Authorised Person or from a person reasonably believed by such Agent or such other entity of the Agent to be an Authorised Person.

- 29.4 Any notice given under or in connection with this Agreement shall be in English. All other documents provided under or in connection with this Agreement shall be:
- (a) in English; or
  - (b) if not in English, accompanied by a certified English translation and, in this case, the English translation shall prevail unless the document is a statutory or other official document.

### 30. TAXES AND STAMP DUTIES

- 30.1 The Issuer agrees to pay any and all stamp and other documentary taxes or duties which may be payable in connection with the execution, delivery, performance and enforcement of this Agreement.
- 30.2 Each party shall, within ten business days of a written request by another party, supply to that other party such forms, documentation and other information relating to it, its operations, or any Covered Bonds as that other party reasonably requests for the purposes of that other party's compliance with Applicable Law and shall notify the relevant other party reasonably promptly in the event that it becomes aware that any of the forms, documentation or other information provided by such party is (or becomes) inaccurate in any material respect; provided, however, that no party shall be required to provide any forms, documentation or other information pursuant to this Clause 30.2 to the extent that: (i) any such form, documentation or other information (or the information required to be provided on such form or documentation) is not reasonably available to such party and cannot be obtained by such party using reasonable efforts; or (ii) doing so would or might in the reasonable opinion of such party constitute a breach of any: (a) Applicable Law; (b) fiduciary duty; or (c) duty of confidentiality. For purposes of this Clause 30.2, "Applicable Law" shall be deemed to include (i) any rule or practice of any Authority by which any party is bound or with which it is accustomed to comply; (ii) any agreement between any Authorities; and (iii) any agreement between any Authority and any party that is customarily entered into by institutions of a similar nature.

### 31. CURRENCY INDEMNITY

If, under any applicable law and whether pursuant to a judgment being made or registered against the Issuer or in the liquidation, insolvency or any similar process of the Issuer or for any other reason, any payment under or in connection with this Agreement is made or falls to be satisfied in a currency (the **other currency**) other than that in which the relevant payment is expressed to be due (the **required currency**) under this Agreement, then, to the extent that the payment (when converted into the required currency at the rate of exchange on the date of payment or, if it is not practicable for the relevant Agent to purchase the required currency with the other currency on the date of payment, at the rate of exchange as soon thereafter as it is practicable for it to do so or, in the case of a liquidation, insolvency or analogous process, at the rate of exchange on the latest date permitted by applicable law for the determination of liabilities in such liquidation, insolvency or analogous process) actually received by the relevant Agent falls short of the amount due under the terms of this Agreement, the Issuer undertakes that it shall, as a separate and independent obligation, indemnify and hold harmless the Agent against the amount of the shortfall. For the purpose of this Clause 31, **rate of exchange** means the rate at which the relevant Agent is able on the London foreign exchange market on the relevant date to purchase the required currency with the other currency and shall take into account any premium and other reasonable costs of exchange.

### **32. AMENDMENTS**

The Issuer and the Fiscal Agent shall agree, without the consent of the Covered Bondholders, Receiptholders or Couponholders, to:

- (a) any modification of this Agreement, to any Series of Covered Bonds, the terms and conditions applying to Covered Bonds of one or more Series (including these Terms and Conditions), the Receipts, the Coupons or the Deed of Covenant, or any other document that has been entered into by the Issuer in relation to the Programme which (i) the Issuer in its sole discretion determines is not prejudicial to the interests of the Covered Bondholders and (ii) will not cause a downgrade in the rating of the Covered Bonds; or
- (b) any modification to any Series of Covered Bonds, the terms and conditions applying to Covered Bonds of one or more Series (including these Terms and Conditions), the Receipts, the Coupons, this Agreement or the Deed of Covenant or any other document that has been entered into by the Issuer in relation to the Programme which, in the opinion of the Issuer, is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law or to comply with the provisions of Directive (EU) 2019/2162 and/or Regulation (EU) 2019/2160 as implemented into Icelandic law and/or to comply with the provisions of the Icelandic Covered Bond Act.

Pursuant to Clause 32(a) above, the Issuer shall be entitled to determine in its sole discretion that any modification required in order to accommodate the substitution of a Rating Agency with respect to any Series of Covered Bonds will not be prejudicial to the interests of the Covered Bondholders provided that the relevant modifications are required to accommodate equivalent or higher rating criteria of the replacement Rating Agency. In such case, the related ratings requirements specified by and/or relating to such Rating Agency to be substituted (including those specified in the Deed of Covenant) shall be amended to refer to the respective ratings requirements of the replacement Rating Agency.

Any such modification shall be binding on the Covered Bondholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Covered Bondholders in accordance with Condition 14 (Notices) as soon as practicable thereafter. In relation to modifications made pursuant Clauses 32(a) and 32(b) above, the Issuer shall consider the interest of the Covered Bondholders and in the event that the Issuer proposes any modification to this Agreement, the Covered Bonds, the Receipts, the Coupons, the Deed of Covenant or any other document that has been entered into by the Issuer in relation to the Programme, the Agents shall assume without further enquiry that the conditions set out in this Clause 32 have been satisfied.

### **33. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

### **34. GOVERNING LAW, SUBMISSION TO JURISDICTION**

- 34.1 This Agreement and any non-contractual obligations arising out of or in connection with this Agreement are governed by, and shall be construed in accordance with, the laws of England.
- 34.2 The Issuer irrevocably agrees for the benefit of the Agents that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this Agreement (including any disputes relating to any non-contractual obligations arising out of or in connection with this Agreement) and that accordingly any suit, action or proceedings (together referred to as **Proceedings**) arising out of or in connection with this Agreement (including any Proceedings

relating to any non-contractual obligations arising out of or in connection with this Agreement) may be brought in such courts.

- 34.3 The Issuer irrevocably waives any objection which it may have to the laying of the venue of any Proceedings in any such courts and any claim that any such Proceedings have been brought in an inconvenient forum and further irrevocably agrees that a judgment in any Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.
- 34.4 Nothing contained in this clause shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.
- 34.5 The Issuer appoints Law Debenture Corporate Services Limited at its registered office at 8th Floor 100 Bishopsgate, London, United Kingdom, EC2N 4AG as its agent for service of process, and undertakes that, in the event of Law Debenture Corporate Services Limited ceasing so to act or ceasing to be registered in England, it will appoint another person, as the Fiscal Agent may approve, as its agent for service of process in England in respect of any Proceedings. Nothing in this clause shall affect the right to serve process in any other manner permitted by law.
- 34.6 The Issuer irrevocably and unconditionally waives with respect to this Agreement any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

## **35. COUNTERPARTS**

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

## **36. CONTRACTUAL RECOGNITION OF BAIL-IN**

- 36.1 Notwithstanding and to the exclusion of any other term of this Agreement or any other agreements, arrangements, or understanding between Paying Agent, Registrar and Transfer Agent and the Issuers, the Issuers acknowledges and accepts that a BRRD Liability arising under this Agreement may be subject to the exercise of Bail-in Powers by the Relevant Resolution Authority, and acknowledges, accepts, and agrees to be bound by:
- (a) the effect of the exercise of Bail-in Powers by the Relevant Resolution Authority in relation to any BRRD Liability of Paying Agent, Registrar and Transfer Agent to the Issuers under this agreement, that (without limitation) may include and result in any of the following, or some combination thereof:
    - (i) the reduction of all, or a portion, of the BRRD Liability or outstanding amounts due thereon;
    - (ii) the conversion of all, or a portion, of the BRRD Liability into shares, other securities or other obligations of Issuing and Paying Agent, Registrar and Transfer Agent or another person, and the issue to or conferral on the Issuers of such shares, securities or obligations;
    - (iii) the cancellation of the BRRD Liability;

- (iv) the amendment or alteration of any interest, if applicable, thereon, the maturity or the dates on which any payments are due, including by suspending payment for a temporary period; and
- (b) the variation of the terms of this Agreement, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of Bail-in Powers by the Relevant Resolution Authority.

For the purpose of this Clause 36:

**Bail-in Legislation** means in relation to a member state of the European Economic Area which has implemented, or which at any time implements, the BRRD, the relevant implementing law, regulation, rule or requirement as described in the EU Bail-in Legislation Schedule from time to time.

**Bail-in Powers** means any Write-down and Conversion Powers as defined in the EU Bail-in Legislation Schedule, in relation to the relevant Bail-in Legislation.

**BRRD** means Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms.

**BRRD Liability** means a liability in respect of which the relevant Write Down and Conversion Powers in the applicable Bail-in Legislation may be exercised.

**EU Bail-in Legislation Schedule** means the document described as such, then in effect, and published by the Loan Market Association (or any successor person) from time to time at <http://www.lma.eu.com/pages.aspx?p=499>.

**Relevant Resolution Authority** means the resolution authority with the ability to exercise any Bail-in Powers in relation to Paying Agent, Registrar and Transfer Agent.



**SCHEDULE 1**  
**FORM OF CALCULATION AGENCY AGREEMENT**

**CALCULATION AGENCY AGREEMENT**

[ ]

**EUROPEAN COVERED BOND (PREMIUM) PROGRAMME**  
**€3,000,000,000**

**ARION BANK HF.**

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**THIS AGREEMENT** is dated [       ]

**BETWEEN:**

- (1) **ARION BANK HF.** (the **Issuer**); and
- (2) [       ] of [       ] (the **Calculation Agent**, which expression shall include any successor calculation agent appointed under this Agreement).

**IT IS AGREED:**

**1. APPOINTMENT OF THE CALCULATION AGENT**

The Calculation Agent is appointed, and the Calculation Agent agrees to act, as Calculation Agent in respect of each Series of Covered Bonds (not being CSD Covered Bonds) described in Schedule 1 of this Agreement (the **Relevant Covered Bonds**) for the purposes set out in Clause 2 and on the terms of this Agreement. The agreement of the parties that this Agreement is to apply to each Series of Relevant Covered Bonds shall be evidenced by the manuscript annotation and signature in counterpart of Schedule 1 of this Agreement.

**2. DUTIES OF CALCULATION AGENT**

The Calculation Agent shall in relation to each series of Relevant Covered Bonds (each a **Series**) perform all the functions and duties imposed on the Calculation Agent by the terms and conditions of the Relevant Covered Bonds (the **Conditions**) including endorsing Schedule 1 of this Agreement appropriately in relation to each Series of Relevant Covered Bonds. In addition, the Calculation Agent agrees that it will provide a copy of all calculations made by it which affect the nominal amount outstanding of any Relevant Covered Bonds which are identified on Schedule 1 of this Agreement as being NGCBs to The Bank of New York Mellon, London Branch to the contact details set out on the signature page hereof.

**3. EXPENSES**

The arrangements in relation to expenses will be separately agreed in relation to each issue of Relevant Covered Bonds.

**4. INDEMNITY**

The Issuer shall indemnify the Calculation Agent against any losses, liabilities, costs, claims, actions, demands or expenses (together, **Losses**) (including, but not limited to, all reasonable costs, legal fees, charges and expenses (together, **Expenses**) paid or incurred in disputing or defending any Losses) which it may incur or which may be made against it as a result of or in connection with its appointment or the exercise of its powers and duties under this Agreement except for any Losses and Expenses resulting from its own wilful default, negligence or bad faith or that of its officers, directors or employees or the breach by it of the terms of this Agreement.

**5. CONDITIONS OF APPOINTMENT**

- 5.1 In acting under this Agreement and in connection with the Relevant Covered Bonds, the Calculation Agent shall act solely as an agent of the Issuer and will not assume any obligations towards or relationship of agency or trust for or with any of the owners or holders of the Relevant Covered Bonds or the receipts or coupons (if any) appertaining to the Relevant Covered Bonds (the **Receipts** and the **Coupons**, respectively).

- 5.2 In relation to each issue of Relevant Covered Bonds, the Calculation Agent shall be obliged to perform the duties and only the duties specifically stated in this Agreement and the Conditions and no implied duties or obligations shall be read into this Agreement or the Conditions against the Calculation Agent, other than the duty to act honestly and in good faith and to exercise the diligence of a reasonably prudent expert in comparable circumstances.
- 5.3 The Calculation Agent may consult with legal and other professional advisers and the opinion of the advisers shall be full and complete protection in respect of any action taken, omitted or suffered under this Agreement in good faith and in accordance with the opinion of the advisers.
- 5.4 The Calculation Agent shall be protected and shall incur no liability in respect of any action taken, omitted or suffered in reliance on any instruction from the Issuer or any document which it reasonably believes to be genuine and to have been delivered by the proper party or on written instructions from the Issuer.
- 5.5 The Calculation Agent and any of its officers, directors and employees may become the owner of, or acquire any interest in, any Covered Bonds, Receipts or Coupons (if any) with the same rights that they would have had if the Calculation Agent were not appointed under this Agreement, and may engage or be interested in any financial or other transaction with the Issuer and may act on, or as depositary, trustee or agent for, any committee or body of holders of Covered Bonds or Coupons or in connection with any other obligations of the Issuer as freely as if the Calculation Agent were not appointed under this Agreement.

## **6. TERMINATION OF APPOINTMENT**

- 6.1 The Issuer may terminate the appointment of the Calculation Agent at any time by giving to the Calculation Agent at least 45 days' prior written notice to that effect, provided that, so long as any of the Relevant Covered Bonds is outstanding:
- (a) the notice shall not expire less than 45 days before any date on which any calculation is due to be made in respect of any Relevant Covered Bonds; and
  - (b) notice shall be given in accordance with the Conditions to the holders of the Relevant Covered Bonds at least 30 days before any removal of the Calculation Agent.
- 6.2 Notwithstanding the provisions of Clause 6.1, if at any time:
- (a) the Calculation Agent becomes incapable of acting, or is adjudged bankrupt or insolvent, or files a voluntary petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of an administrator, liquidator or administrative or other receiver of all or any substantial part of its property, or admits in writing its inability to pay or meet its debts as they may mature or suspends payment of its debts, or if any order of any court is entered approving any petition filed by or against it under the provisions of any applicable bankruptcy or insolvency law or if a receiver of it or of all or a substantial part of its property is appointed or if any officer takes charge or control of the Calculation Agent or of its property or affairs for the purpose of rehabilitation, conservation or liquidation; or
  - (b) the Calculation Agent fails duly to perform any function or duty imposed on it by the Conditions and this Agreement,

the Issuer may immediately without notice terminate the appointment of the Calculation Agent, in which event notice of the termination shall be given to the holders of the Relevant Covered Bonds in accordance with the Conditions as soon as practicable.

- 6.3 The termination of the appointment of the Calculation Agent under Clause 6.1 or 6.2 shall not entitle the Calculation Agent to any amount by way of compensation but shall be without prejudice to any amount then accrued due.
- 6.4 The Calculation Agent may resign its appointment under this Agreement at any time by giving to the Issuer at least 60 days' prior written notice to that effect. Following receipt of a notice of resignation from the Calculation Agent, the Issuer shall promptly give notice of the resignation to the holders of the Relevant Covered Bonds in accordance with the Conditions.
- 6.5 Notwithstanding the provisions of Clauses 6.1, 6.2 and 6.4, so long as any of the Relevant Covered Bonds is outstanding, the termination of the appointment of the Calculation Agent (whether by the Issuer or by the resignation of the Calculation Agent) shall not be effective unless upon the expiry of the relevant notice a successor Calculation Agent has been appointed. The Issuer agrees with the Calculation Agent that if, by the day falling 10 days before the expiry of any notice under Clause 6.4, the Issuer has not appointed a replacement Calculation Agent, the Calculation Agent shall be entitled, on behalf of the Issuer, to appoint as a successor Calculation Agent in its place a reputable financial institution of good standing which the Issuer shall approve (such approval not to be unreasonably withheld or delayed).
- 6.6 Upon its appointment becoming effective, a successor Calculation Agent shall without any further action, become vested with all the authority, rights, powers, duties and obligations of its predecessor with the same effect as if originally named as the Calculation Agent under this Agreement.
- 6.7 If the appointment of the Calculation Agent under this Agreement is terminated (whether by the Issuer or by the resignation of the Calculation Agent), the Calculation Agent shall on the date on which the termination takes effect deliver to the successor Calculation Agent any records concerning the Relevant Covered Bonds maintained by it (except those documents and records which it is obliged by law or regulation to retain or not to release), but shall have no other duties or responsibilities under this Agreement.
- 6.8 Any corporation into which the Calculation Agent may be merged or converted, or any corporation with which the Calculation Agent may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Calculation Agent shall be a party, or any corporation to which the Calculation Agent shall sell or otherwise transfer all or substantially all of its assets shall, on the date when the merger, consolidation or transfer becomes effective and to the extent permitted by any applicable laws, become the successor Calculation Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties to this Agreement, unless otherwise required by the Issuer, and after the said effective date all references in this Agreement to the Calculation Agent shall be deemed to be references to such successor corporation. Written notice of any such merger, conversion, consolidation or transfer shall immediately be given to the Issuer and the Fiscal Agent by the Calculation Agent.

## **7. COMMUNICATIONS**

- 7.1 All communications shall be by telex, fax or letter delivered by hand. Each communication shall be made to the relevant party at the telex number, fax number or address and marked for the attention of the person or department from time to time specified in writing by that party to the other for the purpose. The initial telex number, fax number and person or department so specified by each party are set out in the Procedures Memorandum or, in the case of the Calculation Agent, on the signature page of this Agreement.
- 7.2 A communication shall be deemed received (if by telex) when a confirmed answerback is received at the end of the transmission, (if by fax) when an acknowledgement of receipt is received or (if by letter) when delivered, in each case in the manner required by this Clause 7. However, if a

communication is received after business hours on any business day or on a day which is not a business day in the place of receipt it shall be deemed to be received and become effective at the opening of business on the next business day in the place of receipt. Every communication shall be irrevocable save in respect of any manifest error in it.

- 7.3 Any notice given under or in connection with this Agreement shall be in English. All other documents provided under or in connection with this Agreement shall be:
- (a) in English; or
  - (b) if not in English, accompanied by a certified English translation and, in this case, the English translation shall prevail unless the document is a statutory or other official document.

## **8. DESCRIPTIVE HEADINGS AND COUNTERPARTS**

- 8.1 The descriptive headings in this Agreement are for convenience of reference only and shall not define or limit the provisions hereof.
- 8.2 This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

## **9. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

## **10. GOVERNING LAW, SUBMISSION TO JURISDICTION**

- 10.1 This Agreement and any non-contractual obligations which may arise out of or in connection with this Agreement are governed by, and shall be construed in accordance with, the laws of England.
- 10.2 The Issuer irrevocably agrees for the benefit of the Calculation Agent that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this Agreement (including any disputes relating to any non-contractual obligations arising out of or in connection with this Agreement) and that accordingly any suit, action or proceedings (together referred to as Proceedings) arising out of or in connection with this Agreement (including any Proceedings relating to any non-contractual obligations arising out of or in connection with this Agreement) may be brought in such courts.
- 10.3 The Issuer irrevocably waives any objection which it may have to the laying of the venue of any Proceedings in any such courts and any claim that any Proceedings have been brought in an inconvenient forum and further irrevocably agrees that a judgment in any Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.
- 10.4 Nothing contained in this clause shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.
- 10.5 The Issuer appoints [●] at its registered office at [●] as its agent for service of process, and undertakes that, in the event of [●] ceasing so to act or ceasing to be registered in England, it will appoint another person, as the Calculation Agent may approve, as its agent for the service of process in England in respect of any Proceedings. Nothing in this clause shall affect the right to serve process in any other manner permitted by law.

10.6 The Issuer irrevocably and unconditionally waives with respect to this Agreement any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

**THIS AGREEMENT** has been entered into on the date stated at the beginning of this Agreement.

### **SIGNATORIES**

By:

[**CALCULATION AGENT**]  
[*Address of Calculation Agent*]

Telefax No: [     ]  
Attention: [     ]

By:

### **Contact Details**

**AGENT**

●

Telefax No: [     ]  
Attention: [     ]

**SCHEDULE 1**  
**TO THE CALCULATION AGENCY AGREEMENT**

<b>Series number</b>	<b>Issue Date</b>	<b>Maturity Date (if any)</b>	<b>Title and Nominal Amount</b>	<b>NGCB [Yes/No]</b>	<b>Annotation by Calculation Agent/Issuer</b>
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## SCHEDULE 2

### TERMS AND CONDITIONS OF THE COVERED BONDS

The Covered Bonds are bonds issued by Arion Bank hf. (the **Issuer**) in accordance with the Icelandic Act on Covered Bonds no. 11/2008 (as amended, the **Icelandic Covered Bond Act**) and the Rules No. 190/2023 on covered bonds (the **Rules**). The Covered Bonds will be issued in compliance with any applicable legal or regulatory restrictions, and any reference to currencies other than ISK, and to Inflation Linked Covered Bonds and related expressions shall be construed as taking effect subject to such restrictions being lifted.

This Covered Bond is one of a Series (as defined below) of Covered Bonds issued by the Issuer.

References herein to the **Covered Bonds** shall be references to the Covered Bonds of this Series and shall mean:

- (a) in relation to any Covered Bonds represented by a global Covered Bond (a **Global Covered Bond**), units of the lowest denomination specified in the relevant Final Terms (**Specified Denomination**) in the currency specified in the relevant Final Terms (**Specified Currency**);
- (b) any Global Covered Bond; and
- (c) any definitive Covered Bonds in bearer form (**Bearer Covered Bonds**) issued in exchange for a Global Covered Bond in bearer form; and
- (d) any definitive Covered Bonds in registered form (**Registered Covered Bonds**) (whether or not issued in exchange for a Global Covered Bond in registered form); and
- (e) any Covered Bonds issued in uncertificated book entry form cleared through the Nasdaq CSD Iceland or Verðbréfamiðstöð Íslands CSD (the **CSD Covered Bonds** and the **CSD**, respectively). CSD Covered Bonds are in dematerialised form. Any references in these Terms and Conditions (the **Conditions**) to Receipts, Coupons and Talons shall not apply to CSD Covered Bonds and no global or definitive Covered Bonds will be issued in respect of CSD Covered Bonds.

The Covered Bonds (other than the CSD Covered Bonds), the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Agency Agreement dated 10 February 2012, as amended and restated on 23 December 2016 and on 8 January 2019 and on 9 January 2020 and on 16 July 2021 and on 12 October 2022 and on 14 December 2023 (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**), and made between the Issuer and The Bank of New York Mellon, London Branch as fiscal agent (the **Fiscal Agent**) and transfer agent (the **Transfer Agent**, which expression shall include any additional or successor transfer agents) and as paying agent (the **Paying Agent**, which expression shall include any successor paying agent) and The Bank of New York Mellon SA/NV Luxembourg Branch as registrar (the **Registrar**, which expression shall include any successor registrar). In relation to the CSD Covered Bonds, Arion Bank hf. will act as the CSD system account manager (the **CSD Agent**, which expression shall include any additional agent appointed by the Issuer from time to time in relation to the CSD Covered Bonds). The Fiscal Agent, the Registrar, the other Paying Agents, the CSD Agent and the other Transfer Agents are together referred to as the **Agents**.

If so specified in the applicable Final Terms, the Bank will also appoint a calculation agent with respect to a Series (the **Calculation Agent**, which expression shall include any successor calculation agent and any other calculation agent specified in the applicable Final Terms).

Interest bearing definitive Bearer Covered Bonds have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons

or talons. Definitive Covered Bonds repayable in instalments have receipts (**Receipts**) for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Covered Bonds and Global Covered Bonds do not have Receipts, Coupons or Talons attached on issue.

The Final Terms for this Covered Bond (or the relevant provisions thereof), as set out in Part A of the Final Terms which are (except in the case of CSD Covered Bonds) attached to or endorsed on this Covered Bond, complete the Conditions for the purposes of this Covered Bond. References to the **applicable Final Terms** are to Part A of the Final Terms (or the relevant provisions thereof) which are (except in the case of CSD Covered Bonds) attached to or endorsed on this Covered Bond and (in the case of the CSD Covered Bonds) which are deposited with the CSD and the CSD Agent. The expression **Prospectus Regulation** means Regulation (EU) 2017/1129.

Any reference to **Covered Bondholders** or **holders** in relation to any Covered Bonds shall mean (in the case of Bearer Covered Bonds) the holders of the Covered Bonds, (in the case of Registered Covered Bonds) the persons in whose name the Covered Bonds are registered and (in the case of CSD Covered Bonds) the persons who are for the time being shown in the records of the CSD as the holders of the Covered Bonds, and shall, in relation to any Covered Bonds represented by a Global Covered Bond and any CSD Covered Bonds, be construed as provided below. Any reference herein to **Receiptholders** shall mean the holders of the Receipts and any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, **Tranche** means Covered Bonds which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

The Covered Bondholders (except in the case of CSD Covered Bonds), the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (subject to the terms of such Deed of Covenant) dated 14 December 2023 (such Deed of Covenant as amended and/or supplemented and/or restated from time to time, the **Deed of Covenant**) made by the Issuer. The original of the Deed of Covenant is held by the common depository for Euroclear and Clearstream, Luxembourg (each as defined below).

Copies of the Agency Agreement and the Deed of Covenant (i) are available for inspection and collection during normal business hours at the specified office of each of the Fiscal Agent and the Registrar or (ii) may be provided by email to a Covered Bondholder following their prior written request to the Fiscal Agent or the Issuer and provision of proof of holding and identity (in a form satisfactory to the relevant Fiscal Agent or the Issuer, as the case may be). Copies of the applicable Final Terms are available for viewing at the registered office of the Issuer and of the Fiscal Agent and on the Luxembourg Stock Exchange's website (<https://www.luxse.com/>) and copies may be obtained from those offices save that, if this Covered Bond is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation, the applicable Final Terms will only be obtainable by a Covered Bondholder holding one or more unlisted Covered Bonds of that Series and such Covered Bondholder must produce evidence satisfactory to the Issuer and (except in the case of CSD Covered Bonds) the relevant Paying Agent as to its holding of such Covered Bonds and identity. The Covered Bondholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant (subject to the terms of such Deed of Covenant) and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise

stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

## 1. FORM, DENOMINATION AND TITLE

The Covered Bonds are in bearer form (**Bearer Covered Bonds**) or registered form (**Registered Covered Bonds**) or, in the case of CSD Covered Bonds, uncertificated book entry form, as specified in the applicable Final Terms, and, in the case of definitive Covered Bonds, in the Specified Currency and the Specified Denomination(s) and (other than CSD Covered Bonds) serially numbered. Covered Bonds of one Specified Denomination may not be exchanged for Covered Bonds of another Specified Denomination and Bearer Covered Bonds may not be exchanged for Registered Covered Bonds and *vice versa*. Neither Bearer Covered Bonds nor Registered Covered Bonds may be exchanged for CSD Covered Bonds and *vice versa*.

This Covered Bond may be a Fixed Rate Covered Bond, a Floating Rate Covered Bond, a Zero Coupon Covered Bond, an Inflation Linked Covered Bond, an Inflation Linked Non-Amortising Covered Bonds or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms and may be an Instalment Covered Bond.

This Covered Bond may be an Inflation Linked Covered Bond or an Inflation Linked Non-Amortising Covered Bonds depending on the Redemption/Payment Basis shown in the applicable Final Terms.

Definitive Bearer Covered Bonds are issued with Coupons attached, unless they are Zero Coupon Covered Bonds in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Bearer Covered Bonds, Receipts and Coupons will pass by delivery, title to the Registered Covered Bonds will pass upon registration of transfers in accordance with the provisions of the Agency Agreement and title to CSD Covered Bonds will pass by registration in the registers between the direct or indirect accountholders at the CSD in accordance with the rules and procedures of the CSD. The Issuer and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Covered Bond, Receipt or Coupon and the registered holder of any Registered Covered Bond or CSD Covered Bond as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Covered Bond, without prejudice to the provisions set out in the next succeeding paragraph, and the expressions **Covered Bondholders** or **holders of Covered Bonds** and related expressions shall be construed accordingly.

For so long as any of the Covered Bonds is represented by a Global Covered Bond held on behalf of Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) or so long as any of the Covered Bonds is an CSD Covered Bond each person (other than Euroclear, Clearstream, Luxembourg or the CSD) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg or the CSD, as the case may be, as the holder of a particular nominal amount of such Covered Bonds (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg or the CSD, as the case may be, as to the nominal amount of such Covered Bonds standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the relevant Agents as the holder of such nominal amount of such Covered Bonds for all purposes other than (in the case only of Covered Bonds not being CSD Covered Bonds) with respect to the payment of principal or interest on such nominal amount of such Covered Bonds, for which purpose, in the case of Covered Bonds represented by a bearer Global Covered Bond, the bearer of the relevant Global Covered Bond, or, in the case of Covered Bonds represented by Registered Global Covered

Bonds, the registered holder shall be treated by the Issuer and any Agent as the holder of such nominal amount of such Covered Bonds in accordance with and subject to the terms of the relevant Global Covered Bond and the expressions **Covered Bondholder** and **holder of Covered Bonds** and related expressions shall be construed accordingly. Covered Bonds which are represented by a Global Covered Bond will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be.

The Issuer shall be entitled to obtain certain information from the register maintained by the CSD for the purpose of performing its obligations under the issue of CSD Covered Bonds. The CSD Agent shall be entitled to obtain such information as is required to perform its duties under the Terms and Conditions of the Covered Bonds and rules and regulations of, and applicable to, the CSD.

References to the CSD, Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms or as may otherwise be approved by the Issuer.

## **2. TRANSFERS OF REGISTERED COVERED BONDS**

### **2.1 Transfers of interests in Registered Global Covered Bonds**

Transfers of beneficial interests in Registered Global Covered Bonds will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Registered Global Covered Bond will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Covered Bonds in definitive form or for a beneficial interest in another Registered Global Covered Bond only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement.

### **2.2 Transfers of Registered Covered Bonds in definitive form**

Subject as provided in paragraphs 2.5 and 2.6 below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Covered Bond in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Covered Bond for registration of the transfer of the Registered Covered Bond (or the relevant part of the Registered Covered Bond) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 8 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Covered Bond in definitive form of a like aggregate nominal amount to the Registered Covered Bond (or the relevant part of the Registered Covered Bond) transferred. In the case of the transfer of part only of a Registered Covered Bond in definitive form, a new Registered Covered Bond in

definitive form in respect of the balance of the Registered Covered Bond not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

### **2.3 Registration of transfer upon partial redemption**

In the event of a partial redemption of Covered Bonds under Condition 8, the Issuer shall not be required to register the transfer of any Registered Covered Bond, or part of a Registered Covered Bond, called for partial redemption.

### **2.4 Costs of registration**

Covered Bondholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

### **2.5 Transfers of interests in Regulation S Global Covered Bonds**

Prior to expiry of the applicable Distribution Compliance Period, transfers by the holder of, or of a beneficial interest in, a Regulation S Global Covered Bond to a transferee in the United States or who is a U.S. person will only be made upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate (a **Transfer Certificate**), copies of which are available from the specified office of any Transfer Agent, from the transferor of the Covered Bond or beneficial interest therein to the effect that such transfer is being made pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States, and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

### **2.6 Exchanges and transfers of Registered Covered Bonds generally**

Holders of Registered Covered Bonds in definitive form may exchange such Covered Bonds for interests in a Registered Global Covered Bond of the same type at any time.

### **2.7 Definitions**

In this Condition, the following expressions shall have the following meanings:

**Distribution Compliance Period** means the period that ends 40 days after the completion of the distribution of each Tranche of Covered Bonds;

**Regulation S** means Regulation S under the Securities Act;

**Regulation S Global Covered Bond** means a Registered Global Covered Bond representing Covered Bonds sold outside the United States in reliance on Regulation S;

**Securities Act** means the United States Securities Act of 1933, as amended.

## **3. STATUS OF THE COVERED BONDS**

The Covered Bonds and any related Receipts and Coupons constitute direct, unilateral, unconditional and unsubordinated obligations of the Issuer to pay the Final Redemption Amount and rank *pari passu* among themselves and with all other outstanding unsubordinated obligations of the Issuer that

have been provided equivalent priority of claim to Covered Bonds issued in accordance with the terms of the Icelandic Covered Bond Act.

On the winding up or voluntary or involuntary liquidation of the Issuer, the Covered Bondholders will, by virtue of the Icelandic Covered Bond Act, have certain rights of priority over and be senior to other creditors of the Issuer to the Cover Pool and the payments received with respect to the Cover Pool, but junior to claims due to derivative agreements concluded or issued in accordance with the terms of the Icelandic Covered Bond Act.

#### **4. COMPLIANCE WITH THE ICELANDIC COVERED BOND ACT**

So long as any of the Covered Bonds, Receipts or Coupons remains outstanding the Issuer undertakes that with respect to the Covered Bonds and the related Cover Pool, it will comply with all provisions of the Icelandic Covered Bond Act, and the related Rules, as amended from time to time.

#### **5. REDENOMINATION**

##### **5.1 Redenomination**

Where redenomination is specified in the applicable Final Terms as being applicable, the Issuer may, without the consent of the Covered Bondholders, the Receiptholders and the Couponholders, on giving prior notice to the Fiscal Agent, Euroclear and Clearstream, Luxembourg (in the case of Covered Bonds other than CSD Covered Bonds) or to the CSD Agent and the CSD (in the case of CSD Covered Bonds) and at least 30 days' prior notice to the Covered Bondholders in accordance with Condition 14, elect that, with effect from the Redenomination Date specified in the notice, the Covered Bonds with a Specified Currency other than euro shall be redenominated in euro.

The election will have effect as follows:

- (a) the Covered Bonds and the Receipts shall be deemed to be redenominated in euro in the denomination of euro 0.01 with a nominal amount for each Covered Bond and Receipt equal to the nominal amount of that Covered Bond or Receipt in the Specified Currency, converted into euro at the Established Rate, provided that, if the Issuer determines, with the agreement of the Fiscal Agent in the case of Covered Bonds other than CSD Covered Bonds, that the then market practice in respect of the redenomination in euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Covered Bondholders, the stock exchange (if any) on which the Covered Bonds may be listed and the Agents of such deemed amendments;
- (b) save to the extent that an Exchange Notice has been given in accordance with paragraph (d) below, the amount of interest due in respect of the Covered Bonds will be calculated by reference to the aggregate nominal amount of Covered Bonds presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest €0.01;
- (c) if definitive Covered Bonds are required to be issued after the Redenomination Date, they shall be issued at the expense of the Issuer (i) in the case of Relevant Covered Bonds in the denomination of euro 100,000 and/or such higher amounts as the Fiscal Agent (in the case of Covered Bonds other than CSD Covered Bonds) or the Issuer (in the case of CSD Covered Bonds) may determine and notify to the Covered Bondholders and any remaining amounts less than euro 100,000 shall be redeemed by the Issuer and paid to the Covered Bondholders in euro in accordance with Condition 7 (*Payments*); and (ii) in the case of Covered Bonds which are not Relevant Covered Bonds, in the denominations of €1,000, €10,000, €100,000 and (but only to the extent of any remaining amounts less than €1,000 or such smaller

denominations as the Agent may approve) €0.01 and such other denominations as the Fiscal Agent (in the case of Covered Bonds other than CSD Covered Bonds) or the Issuer (in the case of CSD Covered Bonds) shall determine and notify to the Covered Bondholders;

- (d) if issued prior to the Redenomination Date, all unmatured Coupons denominated in the Specified Currency (whether or not attached to the Covered Bonds) will become void with effect from the date on which the Issuer gives notice (the **Exchange Notice**) that replacement euro-denominated Covered Bonds, Receipts and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Covered Bonds and Receipts so issued will also become void on that date although those Covered Bonds and Receipts will continue to constitute valid exchange obligations of the Issuer. New euro-denominated Covered Bonds, Receipts and Coupons will be issued in exchange for Covered Bonds, Receipts and Coupons denominated in the Specified Currency in such manner as the Fiscal Agent (in the case of Covered Bonds other than CSD Covered Bonds) or the Issuer (in the case of CSD Covered Bonds) may specify and as shall be notified to the Covered Bondholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Covered Bonds;
- (e) after the Redenomination Date, all payments in respect of the Covered Bonds, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Covered Bonds to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;
- (f) if the Covered Bonds are Fixed Rate Covered Bonds and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date, it will be calculated:
  - (i) in the case of the Covered Bonds represented by a Global Covered Bond or CSD Covered Bonds, by applying the Rate of Interest to the aggregate outstanding nominal amount of the Covered Bonds; and
  - (ii) in the case of definitive Covered Bonds, by applying the Rate of Interest to the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction.

The resultant figure (including after application of any Fixed Coupon Amount or Broken Amount to the Calculation Amount in the case of Fixed Rate Covered Bonds in definitive form) shall be rounded to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Covered Bond in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Covered Bond shall be the product of the amount (determined in the manner provided above) for each the Calculation Amount and the amount which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding;

- (g) if the Covered Bonds are Floating Rate Covered Bonds, the applicable Final Terms will specify any relevant changes to the provisions relating to interest; and
- (h) such other changes shall be made to this Condition as the Issuer may decide, after consultation with the Fiscal Agent in the case of Covered Bonds other than CSD Covered

Bonds), and as may be specified in the notice, to conform it to conventions then applicable to instruments denominated in euro.

## 5.2 Definitions

In the Conditions, the following expressions have the following meanings:

**Established Rate** means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Union regulations) into euro established by the Council of the European Union pursuant to Article 140 of the Treaty;

**euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

**Redenomination Date** means (in the case of interest bearing Covered Bonds) any date for payment of interest under the Covered Bonds or (in the case of Zero Coupon Covered Bonds) any date, in each case specified by the Issuer in the notice given to the Covered Bondholders pursuant to Condition 5.1 above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union;

**Relevant Covered Bonds** means all Covered Bonds where the applicable Final Terms provide for a minimum Specified Denomination in the Specified Currency which is equivalent to at least euro 100,000 and which are admitted to trading on a regulated market in the European Economic Area; and

**Treaty** means the Treaty on the Functioning of the European Union, as amended.

## 6. INTEREST

### 6.1 Interest on Fixed Rate Covered Bonds

Each Fixed Rate Covered Bond bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date or, if the applicable Final Terms specifies that an Extended Final Maturity Date applies, the Extended Final Maturity Date or any earlier Interest Payment Date on which the Covered Bonds are redeemed in full, provided that any amounts representing interest payable after the Maturity Date shall be paid at such rate and on such dates specified in the applicable Final Terms.

If the Covered Bonds are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date or the relevant payment date if the Covered Bonds become payable on a date other than an Interest Payment Date.

Except in the case of Covered Bonds in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (a) in the case of Fixed Rate Covered Bonds which are (i) represented by a Global Covered Bond, (ii) Registered Covered Bonds in definitive form or (iii) Fixed Rate Covered Bonds



which are CSD Covered Bonds, the aggregate outstanding nominal amount of (A) the Fixed Rate Covered Bonds represented by such Global Covered Bond; (B) such Registered Covered Bonds in definitive form or (C) such Fixed Rate Covered Bonds which are CSD Covered Bonds; or

- (b) in the case of Fixed Rate Covered Bonds which are Bearer Covered Bonds in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Covered Bond in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Covered Bond shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 6.1:

- (i) if "**Actual/Actual (ICMA)**" is specified in the applicable Final Terms:
  - (A) in the case of Covered Bonds where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
  - (B) in the case of Covered Bonds where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
    - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if "**30/360**" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Conditions:

**Determination Period** means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

**sub-unit** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

## 6.2 Interest on Floating Rate Covered Bonds

### (a) Interest Payment Dates

Each Floating Rate Covered Bond bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in the Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day on the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 6.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of paragraph (b) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (1) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (2) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In the Conditions, **Business Day** means a day which is both:

- I. a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms; and

II. either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer System or any successor or replacement for that system (**T2**) is open.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Covered Bonds will be determined in the manner specified below.

(i) *ISDA Determination for Floating Rate Covered Bonds*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Fiscal Agent or the Calculation Agent or the CSD Agent, as applicable, under an interest rate swap transaction if the Fiscal Agent or Calculation Agent or the CSD Agent, as applicable, were acting as Calculation Agent (as defined in the ISDA Definitions (as defined below)) for that swap transaction under the terms of an agreement incorporating (i) if "2006 ISDA Definitions" is specified in the applicable Final Terms, the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. (**ISDA**) and as amended and updated as at the Issue Date of the first Tranche of the Covered Bonds; or (ii) if "2021 ISDA Definitions" is specified in the applicable Final Terms, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions as published by ISDA as at the Issue Date of the first Tranche of the Covered Bonds (together, the **ISDA Definitions**) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity, if applicable is a period specified in the applicable Final Terms;
- (C) the relevant Reset Date is the day specified in the applicable Final Terms;
- (D) if the Floating Rate Option is an Overnight Floating Rate Option, the Overnight Rate Compounding Method is one of the following as specified in the applicable Final Terms:
  - I. Compounding with Lookback;
  - II. Compounding with Observation Period Shift;
  - III. Compounding with Lockout; and
- (E) if the Floating Rate Option is a Compounded Index Floating Rate Option, the Index Method is Compounded Index Method with Observation Period Shift as specified in the applicable Final Terms.

In connection with the Overnight Rate Compounding Method, references in the ISDA Definitions to numbers or other items specified in the relevant confirmation shall be deemed

to be references to the numbers or other items specified for such purpose in the applicable Final Terms.

For the purposes of this subparagraph (i), **Floating Rate, Floating Rate Option, Designated Maturity, Reset Date, Overnight Floating Rate Option, Overnight Rate Compounding Method, Compounding with Lookback, Compounding with Observation Period Shift, Compounding with Lockout, Averaging with Lookback, Averaging with Observation Period Shift, Averaging with Lockout, Compounded Index Floating Rate Option, Index Method and Compounded Index Method with Observation Period Shift** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(ii) *Screen Rate Determination for Floating Rate Covered Bonds not referencing Compounded Daily SONIA or Compounded Daily SOFR*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Fiscal Agent or the Calculation Agent, as applicable. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Fiscal Agent or Calculation Agent, as applicable, for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of (A) above, no offered quotation appears or, in the case of (B) above, fewer than three offered quotations appear, in each case as at 11.00 a.m. (Brussels time, in the case of EURIBOR), the Issuer shall request each of the Reference Banks to provide the Fiscal Agent or the Calculation Agent, as applicable, with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately at 11.00 a.m. (Brussels time, in the case of EURIBOR) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Fiscal Agent or Calculation Agent, as applicable, with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Fiscal Agent or Calculation Agent, as applicable.

If on any Interest Determination Date one only or none of the Reference Banks provides the Fiscal Agent or Calculation Agent, as applicable, at the request of the Issuer, with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Fiscal Agent or Calculation Agent, as

applicable, determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to the Fiscal Agent or Calculation Agent, as applicable, at the request of the Issuer, by the Reference Banks or any two or more of them, at which such banks were offered, at approximately 11.00 a.m. (Brussels time, in the case of EURIBOR) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Fiscal Agent or Calculation Agent, as applicable, at the request of the Issuer, with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately 11.00 a.m. (Brussels time, in the case of EURIBOR) on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Fiscal Agent or Calculation Agent, as applicable, at the request of the Issuer, it is quoting to leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

In the case of Floating Rate Covered Bonds which are CSD Covered Bonds:

- I. If the Relevant Screen Page is not available or if, in the case of (A) above, no offered quotation appears or, in the case of (B) above, fewer than three offered quotations appear, in each case as at the Specified Time, the CSD Agent shall request each of the Reference Banks to provide the CSD Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the CSD Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the CSD Agent, as applicable, in consultation with the Issuer.
- II. If on any Interest Determination Date one only or none of the Reference Banks provides the CSD Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the CSD Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the CSD Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the CSD Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean

(rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the CSD Agent it is quoting to leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

If the Reference Rate from time to time in respect of Floating Rate Covered Bonds is specified in the applicable Final Terms as being other than EURIBOR, the Rate of Interest in respect of such Covered Bonds will be determined as provided in the applicable Final Terms.

As used herein, **Reference Banks** means, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, as selected by the Issuer;

(iii) *Screen Rate Determination for Floating Rate Covered Bonds referencing Compounded Daily SONIA*

(A) Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and the Reference Rate is specified as being Compounded Daily SONIA, the Rate of Interest with respect to each Interest Period will, subject as provided below, be Compounded Daily SONIA for such Interest Period plus or minus the Margin (if any) as specified in the applicable Final Terms, all as determined and calculated by the Fiscal Agent or the Calculation Agent or the CSD Agent, as applicable.

**Compounded Daily SONIA** means, with respect to an Interest Period,

- I. if Index Determination is specified as being applicable in the applicable Final Terms, the rate determined by the Fiscal Agent or the Calculation Agent or the CSD Agent, as applicable, on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards):

$$\left( \frac{\text{SONIA Compounded Index}_y}{\text{SONIA Compounded Index}_x} - 1 \right) \times \frac{365}{d}$$

where:

**SONIA Compounded Index<sub>x</sub>** is the SONIA Compounded Index value for the day falling *p* London Banking Days prior to the first day of the relevant Interest Period;

**SONIA Compounded Index<sub>y</sub>** is the SONIA Compounded Index for the day falling *p* London Banking Days prior to the Interest Payment Date for the

relevant Interest Period or such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period);

**d** is the number of calendar days in the relevant SONIA Observation Period;

*provided that* if the SONIA Compounded Index value required to determine SONIA Compounded Index<sub>x</sub> or SONIA Compounded Index<sub>y</sub> does not appear on the Bank of England's Interactive Statistical Database, or any successor source on which the compounded daily SONIA rate is published by the Bank of England (or any successor administrator of SONIA)), at the Specified Time on the relevant London Banking Day (or by 5:00 p.m. London time or such later time falling one hour after the customary or scheduled time for publication of the SONIA Compounded Index in accordance with the then-prevailing operational procedures of the administrator of the SONIA Reference Rate or SONIA authorised distributors, as the case may be), then Compounded Daily SONIA for such Interest Period and each subsequent Interest Period shall be Compounded Daily SONIA determined in accordance with paragraph II below and for these purposes the "Observation Method" shall be deemed to be "Shift"; or

- II. if either (x) Index Determination is specified as being not applicable in the applicable Final Terms, or (y) this Condition 6.2(b)(iii)(A)II above applies to such Interest Period pursuant to the proviso in Condition 6.2(b)(iii)(A)I above, the rate determined by the Fiscal Agent or the Calculation Agent or the CSD Agent, as applicable, on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards):

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{SONIA_{i=p LBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

**d** is the number of calendar days in (where in the applicable Final Terms "Lag" is specified as the Observation Method) the relevant Interest Period or (where in the applicable Final Terms "Shift" is specified as the Observation Method) the SONIA Observation Period;

**d<sub>0</sub>** is the number of London Banking Days in (where in the applicable Final Terms "Lag" is specified as the Observation Method) the relevant Interest Period or (where in the applicable Final Terms "Shift" is specified as the Observation Method) the SONIA Observation Period;

**i** is a series of whole numbers from one to **d<sub>0</sub>**, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in (where in the applicable Final Terms "Lag" is specified as the Observation Method) the relevant Interest Period or (where in the applicable Final Terms "Shift" is specified as the Observation Method) the relevant SONIA Observation Period;

$n_i$ , for any London Banking Day  $i$ , is the number of calendar days from (and including) such London Banking Day  $i$  up to (but excluding) the following London Banking Day;

**SONIA<sub>i-pLBD</sub>** means:

- (a) where in the applicable Final Terms "Lag" is specified as the Observation Method, in respect of any London Banking Day  $i$  falling in the relevant Interest Period, the SONIA Reference Rate for the London Banking Day falling  $p$  London Banking Days prior to such London Banking Day  $i$ ; or
- (b) where in the applicable Final Terms "Shift" is specified as the Observation Method, SONIA<sub>i-pLBD</sub> shall be replaced in the above formula with SONIA<sub>i</sub>, where SONIA<sub>i</sub> means, in respect of any London Banking Day  $i$  falling in the relevant SONIA Observation Period, the SONIA Reference Rate for such London Banking Day  $i$ .

(B) In the event that Compounded Daily SONIA for any Interest Period cannot be determined by the Fiscal Agent or the Calculation Agent or the CSD Agent, as applicable, in accordance with the foregoing provisions, the Rate of Interest shall be:

- I. determined as at the last preceding Interest Determination Date (though substituting, where a different Margin, Maximum Rate of Interest and/or the Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin, the Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Interest Period, in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to that last preceding Interest Period); or
- II. if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Series of Covered Bonds for the first scheduled Interest Period had the Covered Bonds been in issue for a period equal in duration to the first scheduled Interest Period but ending on (and excluding) the Interest Commencement Date (and applying the Margin and, if applicable, any Maximum Rate of Interest and/or Minimum Rate of Interest, applicable to the first scheduled Interest Period).

(C) For the purposes of this Condition 6.2(b)(iii):

**London Banking Day** or **LBD** means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

**Observation Look-Back Period** means the period specified as such in the applicable Final Terms;

**p** means the number of London Banking Days included in the Observation Look-Back Period, as specified in the applicable Final Terms;

**SONIA** has the meaning given to such term in the definition of SONIA Reference Rate;



**SONIA Compounded Index** means, in respect of any London Banking Day, the compounded daily SONIA rate as published by the Bank of England (or a successor administrator of SONIA) as such rate appears on the Bank of England's Interactive Statistical Database (or any successor source on which the compounded daily SONIA rate is published by the Bank of England (or such successor administrator)), at the Specified Time on such London Banking Day;

**SONIA Observation Period** means, in respect of any Interest Period, the period from (and including) the date falling  $p$  London Banking Days prior to the first day of such Interest Period to (but excluding) the date falling  $p$  London Banking Days prior to the Interest Payment Date for such Interest Period or such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period);

**SONIA Reference Rate** means, in respect of any London Banking Day, the daily Sterling Overnight Index Average (**SONIA**) rate for such London Banking Day as provided by the Bank of England (or a successor administrator of SONIA) to authorised distributors (the **SONIA authorised** distributors) and as then published on the Relevant Screen Page (or, if the Relevant Screen Page is unavailable, as otherwise published by the SONIA authorised distributors) on the London Banking Day immediately following such London Banking Day, *provided that* if, in respect of any London Banking Day, the applicable SONIA Reference Rate is not made available on the Relevant Screen Page (or has not otherwise been published by the SONIA authorised distributors) by 5.00 p.m, London time, then (unless the Fiscal Agent or the Calculation Agent or the CSD Agent, as applicable, has been notified of any Successor Rate or Alternative Rate (and any related Adjustment Spread and/or Benchmark Amendments) pursuant to Condition 6.3 below, if applicable) the SONIA Reference Rate in respect of such London Banking Day shall be:

- I. the sum of (i) the Bank of England's Bank Rate (the **Bank Rate**) prevailing at 5.00p.m. London time (or, if earlier, close of business) on such London Banking Day; and (ii) the mean of the spread of the SONIA Reference Rate to the Bank Rate over the previous five London Banking Days on which a SONIA Reference Rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and the lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads); or
- II. if the Bank Rate described in sub-clause (I above) is not available at such time on such London Banking Day, the SONIA Reference Rate published on the Relevant Screen Page (or as otherwise published by the SONIA authorised distributors) for the first preceding London Banking Day on which the SONIA Reference Rate was published on the Relevant Screen Page (or otherwise published by the SONIA authorised distributors); and

**Specified Time** means 10:00a.m., London time, or such other time as is specified in the applicable Final Terms.

(iv) *Screen Rate Determination for Floating Rate Covered Bonds referencing Compounded Daily SOFR*

- (A) Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and the Reference Rate is specified as being Compounded Daily SOFR, the Rate of Interest for each Interest

Period will, subject as provided below, be Compounded Daily SOFR for such Interest Period plus or minus (as specified in the applicable Final Terms) the Margin (if any), all as determined and calculated by the Fiscal Agent or the Calculation Agent or the CSD Agent, as applicable.

**Compounded Daily SOFR** means, with respect to an Interest Period,

- I. if Index Determination is specified as being applicable in the applicable Final Terms, the rate determined by the Fiscal Agent or the Calculation Agent or the CSD Agent, as applicable, on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards):

$$\left( \frac{\text{SOFR Index}_{\text{End}}}{\text{SOFR Index}_{\text{Start}}} - 1 \right) \times \left( \frac{360}{d} \right)$$

where:

**SOFR Index<sub>Start</sub>** is the SOFR Index value for the day falling *p* U.S. Government Securities Business Days prior to the first day of the relevant Interest Period;

**SOFR Index<sub>End</sub>** is the SOFR Index value for the day falling *p* U.S. Government Securities Business Days prior to the Interest Payment Date for the relevant Interest Period or such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period); and

**d** is the number of calendar days in the relevant SOFR Observation Period;

*provided* that, if the SOFR Index value required to determine SOFR Index<sub>Start</sub> or SOFR Index<sub>End</sub> does not appear on the SOFR Administrator's Website at the Specified Time on the relevant U.S. Government Securities Business Day (or by 3:00 pm New York City time on the immediately following US Government Securities Business Day or such later time falling one hour after the customary or scheduled time for publication of the SOFR Index value in accordance with the then-prevailing operational procedures of the administrator of SOFR Index), "Compounded Daily SOFR" for such Interest Period and each Interest Period thereafter will be determined in accordance with Condition 6.2(b)(iv)(A)II below; or

- II. if either (x) Index Determination is specified as being not applicable in the applicable Final Terms, or (y) this Condition 6.2(b)(iv)(A)II above below applies to such Interest Period pursuant to the proviso in Condition 6.2(b)(iv)(A)I above, the rate determined by the Fiscal Agent or the Calculation Agent or the CSD Agent, as applicable, on the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards):

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{\text{SOFR}_i \times n_i}{360} \right) - 1 \right] \times \frac{365}{d}$$

where:

**d** is the number of calendar days in the relevant SOFR Observation Period;

**d<sub>0</sub>** is the number of U.S. Government Securities Business Days in the relevant SOFR Observation Period;

**i** is a series of whole numbers from one to "d<sub>0</sub>", each representing the relevant U.S. Government Securities Business Days in chronological order from, and including, the first U.S. Government Securities Business Day in the relevant SOFR Observation Period;

**n<sub>i</sub>**, for any U.S. Government Securities Business Day "i", in the relevant SOFR Observation Period, is the number of calendar days from (and including) such U.S. Government Securities Business Day "i" up to (but excluding) the following U.S. Government Securities Business Day ("i+1"); and

**SOFR<sub>i</sub>** means, in respect of any U.S. Government Securities Business Day "i" falling in the relevant SOFR Observation Period, the SOFR Reference Rate for such U.S. Government Securities Business Day.

- (B) If the SOFR Benchmark Replacement is at any time required to be used pursuant to paragraph (3) of the definition of SOFR Reference Rate, then the Bank or the SOFR Benchmark Replacement Agent, if any, will determine the SOFR Benchmark Replacement in accordance with the definition thereof with respect to the then-current SOFR Benchmark and, if the Bank or the SOFR Benchmark Replacement Agent has so determined the SOFR Benchmark Replacement, then:
- I. the Bank or the SOFR Benchmark Replacement Agent, as applicable, shall also determine the method for determining the rate described in subparagraph (a) of paragraph (1), (2) or (3) of the definition of SOFR Benchmark Replacement, as applicable (including (i) the page, section or other part of a particular information service on or source from which such rate appears or is obtained (the **Alternative Relevant Source**), (ii) the time at which such rate appears on, or is obtained from, the Alternative Relevant Source (the **Alternative Specified Time**), (iii) the day on which such rate will appear on, or is obtained from, the Relevant Source in respect of each U.S. Government Securities Business Day (the **Alternative Relevant Date**), and (iv) any alternative method for determining such rate if is unavailable at the Alternative Specified Time on the applicable Alternative Relevant Date), which method shall be consistent with industry-accepted practices for such rate;
  - II. from (and including) the Affected Day, references to the Specified Time in these Conditions shall be deemed to be references to the Alternative Specified Time;
  - III. if the Bank or the SOFR Benchmark Replacement Agent, as applicable, determines that (i) changes to the definitions of Business Day, Business Day Convention, Compounded Daily SOFR, Day Count Fraction, Interest Determination Date, Interest Payment Date, Interest Period, Observation Look-Back Period, SOFR Observation Period, SOFR Reference Rate or U.S. Government Securities Business Day and/or (ii) any other technical changes to any other provision in this Condition 6.2(b), are necessary in

order to implement the SOFR Benchmark Replacement (including any alternative method described in sub-paragraph (iv) of paragraph I above as the SOFR Benchmark in a manner substantially consistent with market practice (or, if the Bank or the SOFR Benchmark Replacement Agent, as the case may be, decides that adoption of any portion of such market practice is not administratively feasible or if the Bank or the SOFR Benchmark Replacement Agent, as the case may be, determines that no market practice for use of the SOFR Benchmark Replacement exists, in such other manner as the Bank or the SOFR Benchmark Replacement Agent, as the case may be, determines is reasonably necessary), the Bank and the Fiscal Agent and/or the Calculation Agent and/or the CSD Agent, as applicable, shall agree without any requirement for the consent or approval of Covered Bondholders to the necessary modifications to these Conditions and/or the Agency Agreement in order to provide for the amendment of such definitions or other provisions to reflect such changes; and

IV. the Bank will give notice or will procure that notice is given as soon as practicable to the Fiscal Agent and/or the Calculation Agent and/or the CSD Agent, as applicable, and to the Covered Bondholders in accordance with Condition 15, specifying the SOFR Benchmark Replacement, as well as the details described in paragraph (A) above and the amendments implemented pursuant to paragraph III above.

(C) For the purposes of this Condition 6.2(b)(iv):

**Corresponding Tenor** means, with respect to a SOFR Benchmark Replacement, a tenor (including overnight) having approximately the same length (disregarding any applicable Business Day Convention) as the applicable tenor for the then-current SOFR Benchmark;

**ISDA Definitions** means the 2021 ISDA Definitions published by ISDA or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time by ISDA;

**ISDA Fallback Adjustment** means, with respect to any ISDA Fallback Rate, the spread adjustment, which may be a positive or negative value or zero, that would be applied to such ISDA Fallback Rate in the case of derivative transactions referencing the ISDA Definitions that will be effective upon the occurrence of an index cessation event with respect to the then-current SOFR Benchmark for the applicable tenor;

**ISDA Fallback Rate** means, with respect to the then-current SOFR Benchmark, the rate that would apply for derivative transactions referencing the ISDA Definitions that will be effective upon the occurrence of an index cessation date with respect to the then-current SOFR Benchmark for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

**Observation Look-Back Period** means the period specified as such in the applicable Final Terms;

**p** means the number of U.S. Government Securities Business Days included in the Observation Look-Back Period, as specified in the applicable Final Terms;

**Relevant Governmental Body** means the Board of Governors of the Federal Reserve System and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System and/or the Federal Reserve Bank of New York or any successor thereto;

**SOFR** means, in respect of any U.S. Government Securities Business Day, the daily secured overnight financing rate for such U.S. Government Securities Business Day as provided by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate);

**SOFR Administrator** means the Federal Reserve Bank of New York (or a successor administrator of the daily Secured Overnight Financing Rate or the SOFR Index, as applicable);

**SOFR Administrator's Website** means the website of the Federal Reserve Bank of New York, or any successor source;

**SOFR Benchmark** means SOFR, provided that if a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred with respect to SOFR or such other then-current SOFR Benchmark, then "SOFR Benchmark" means the applicable SOFR Benchmark Replacement;

**SOFR Benchmark Replacement** means, with respect to the then-current SOFR Benchmark, the first alternative set forth in the order presented below that can be determined by the Bank or the SOFR Benchmark Replacement Agent, if any, as of the SOFR Benchmark Replacement Date with respect to the then-current SOFR Benchmark:

- (1) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current SOFR Benchmark for the applicable Corresponding Tenor and (b) the SOFR Benchmark Replacement Adjustment; or
- (2) the sum of (a) the ISDA Fallback Rate and (b) the SOFR Benchmark Replacement Adjustment;
- (3) the sum of: (a) the alternate rate of interest that has been selected by the Bank or the SOFR Benchmark Replacement Agent, if any, as the replacement for the then-current Benchmark for the applicable Corresponding Tenor and (b) the SOFR Benchmark Replacement Adjustment, provided that, (i) if the Bank or the SOFR Benchmark Replacement Agent, as the case may be, determines that there is an industry-accepted replacement rate of interest for the then-current Benchmark for U.S. dollar-denominated floating rate covered bonds at such time, it shall select such industry-accepted rate, and (ii) otherwise, it shall select such rate of interest that it has determined is most comparable to the then-current Benchmark, and the SOFR Benchmark Replacement Adjustment;

**SOFR Benchmark Replacement Adjustment** means, with respect to any Benchmark Replacement, the first alternative set forth in the order below that can be determined by the Bank or the SOFR Benchmark Replacement Agent, if any, as of the SOFR Benchmark Replacement Date with respect to the then-current Benchmark:

- (1) the spread adjustment, or method for calculating or determining such spread adjustment, which may be a positive or negative value or zero, that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (2) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment;
- (3) the spread adjustment, which may be a positive or negative value or zero, that has been selected by the Bank or the SOFR Benchmark Replacement Agent, if any, to be applied to the applicable Unadjusted SOFR Benchmark Replacement in order to reduce or eliminate, to the extent reasonably practicable under the circumstances, any economic prejudice or benefit (as applicable) to Covered Bondholders as a result of the replacement of the then-current SOFR Benchmark with such Unadjusted SOFR Benchmark Replacement for the purposes of determining the SOFR Reference Rate, which spread adjustment shall be consistent with any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, applied to such Unadjusted SOFR Benchmark Replacement where it has replaced the then-current SOFR Benchmark for U.S. dollar denominated floating rate covered bonds at such time;

**SOFR Benchmark Replacement Agent** means any person that has been appointed by the Bank to make the calculations and determinations to be made by the SOFR Benchmark Replacement Agent described in this Condition 6.2(b)(iv) that may be made by either the SOFR Benchmark Replacement Agent or the Bank, so long as such person is a leading bank or other financial institution or a person with appropriate expertise, in each case that is experienced in such calculations and determinations (for the avoidance of doubt, the SOFR Benchmark Replacement Agent shall not be the Fiscal Agent or the Calculation Agent unless such Fiscal Agent or Calculation Agent has accepted such appointment in writing);

**SOFR Benchmark Replacement Date** means, with respect to the then-current SOFR Benchmark, the earliest to occur of the following events with respect thereto:

- (1) in the case of sub-paragraph (1) or (2) of the definition of SOFR Benchmark Transition Event, the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the SOFR Benchmark permanently or indefinitely ceases to provide the SOFR Benchmark; or
- (2) in the case of sub-paragraph (3) of the definition of SOFR Benchmark Transition Event, the date of the public statement or publication of information referenced therein.

If the event giving rise to the SOFR Benchmark Replacement Date occurs on the same day as, but earlier than, the Specified Time in respect of any determination, the SOFR Benchmark Replacement Date will be deemed to have occurred prior to the Specified Time for such determination;

**SOFR Benchmark Transition Event** means, with respect to the then-current SOFR Benchmark, the occurrence of one or more of the following events with respect thereto:

- (1) a public statement or publication of information by or on behalf of the administrator of the SOFR Benchmark announcing that such administrator has ceased or will cease to provide the SOFR Benchmark, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the SOFR Benchmark;
- (2) a public statement or publication of information by the regulatory supervisor for the administrator of the SOFR Benchmark, the central bank for the currency of the SOFR Benchmark, an insolvency official with jurisdiction over the administrator for the SOFR Benchmark, a resolution authority with jurisdiction over the administrator for the SOFR Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the SOFR Benchmark, which states that the administrator of the SOFR Benchmark has ceased or will cease to provide the SOFR Benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the SOFR Benchmark; or
- (3) a public statement or publication of information by the regulatory supervisor for the administrator of the SOFR Benchmark announcing that the SOFR Benchmark is no longer representative;

**SOFR Index** means, in respect of any U.S. Government Securities Business Day, the compounded daily SOFR rate as published by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate) as such rate appears on the SOFR Administrator's Website at the Specified Time on such U.S. Government Securities Business Day;

**SOFR Observation Period** means, in respect of any Interest Period, the period from (and including) the date falling "p" U.S. Government Securities Business Days prior to the first day of such Interest Period to (but excluding) the date falling *p* U.S. Government Securities Business Days prior to the Interest Payment Date for such Interest Period or such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Period); and

**SOFR Reference Rate** means, in respect of any U.S. Government Securities Business Day:

- (1) a rate equal to SOFR for such U.S. Government Securities Business Day appearing on the SOFR Administrator's Website on or about the Specified Time on the U.S. Government Securities Business Day immediately following such U.S. Government Securities Business Day; or
- (2) if SOFR in respect of such U.S. Government Securities Business Day does not appear as specified in paragraph (1) above, unless the Bank or the SOFR Benchmark Replacement Agent, if any, determines that a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred with respect to SOFR on or prior to the Specified Time on the U.S. Government Securities Business Day immediately following such U.S. Government Securities Business Day, SOFR in respect of the last U.S. Government Securities Business Day for which such rate was published on the SOFR Administrator's Website; or

- (3) if the Bank or SOFR Benchmark Replacement Agent, if any, determines that a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred with respect to the then-current SOFR Benchmark on or prior to the Specified Time on the U.S. Government Securities Business Day immediately following such U.S. Government Securities Business Day (or, if the then-current SOFR Benchmark is not SOFR, on or prior to the Specified Time on the Alternative Relevant Date), then (subject to the subsequent operation of this paragraph (3)) from (and including) the U.S. Government Securities Business Day immediately following such U.S. Government Securities Business Day (or the Alternative Relevant Date, as applicable) (the **Affected Day**), SOFR Reference Rate shall mean, in respect of any U.S. Government Securities Business Day, the applicable SOFR Benchmark Replacement for such U.S. Government Securities Business Day appearing on, or obtained from, the Alternative Relevant Source at the Alternative Specified Time on the Alternative Relevant Date;

**Specified Time** means 3:00 p.m., New York City time or such other time as is specified in the applicable Final Terms;

**Unadjusted SOFR Benchmark Replacement** means the SOFR Benchmark Replacement excluding the SOFR Benchmark Replacement Adjustment; and

**U.S. Government Securities Business Day** means any day, (other than a Saturday or Sunday) that is not a day on which the Securities Industry and Financial Markets Association or any successor organisation recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

- (D) Notwithstanding the other provisions of this Condition 6.2(b), in the event the SOFR Benchmark Replacement Agent determines it appropriate, in its sole discretion, to consult with an Independent Adviser in connection with any determination to be made by the SOFR Benchmark Replacement Agent pursuant to this Condition 6.2(b), the Bank shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, for the purposes of any such consultation.
- (E) An Independent Adviser appointed pursuant to this Condition 6.2(b) shall act in good faith in a commercially reasonable manner but shall have no relationship of agency or trust with the Covered Bondholders and (in the absence of fraud) shall have no liability whatsoever to the SOFR Benchmark Replacement Agent or the Covered Bondholders or the Couponholders for any determination made by it or for any advice given to the SOFR Benchmark Replacement Agent in connection with any determination made by the SOFR Benchmark Replacement Agent pursuant to this Condition 6.2(b)(iv) or otherwise in connection with the Covered Bonds.

If the SOFR Benchmark Replacement Agent consults with an Independent Adviser as to the occurrence of any SOFR Benchmark Transition Event and/or the related SOFR Benchmark Replacement Date, a written determination of that Independent Adviser in respect thereof shall be conclusive and binding on all parties, save in the case of manifest error, and (in the absence of fraud) the SOFR Benchmark Replacement Agent shall have no liability whatsoever to any Covered Bondholders or Couponholders in respect of anything done, or omitted to be done, in relation to



that matter in accordance with any such written determination or otherwise in connection with the Covered Bonds.

Any determination, decision or election that may be made by the Bank or the SOFR Benchmark Replacement Agent, if any, pursuant to this Condition 6.2(b)(iv), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event (including any determination that a SOFR Benchmark Transition Event and its related SOFR Benchmark Replacement Date have occurred with respect to the then-current SOFR Benchmark), circumstance or date and any decision to take or refrain from taking any action or any selection, will be made in the sole discretion of the Bank or the SOFR Benchmark Replacement Agent, as the case may be, acting in good faith and in a commercially reasonable manner.

In no event shall the Fiscal Agent or the Calculation Agent, unless it is appointed as the SOFR Benchmark Replacement Agent, be responsible for determining a SOFR Benchmark Transition Event, SOFR Benchmark Replacement, any substitute for SOFR, or for making any adjustments to any alternative benchmark or spread thereon or for calculating any such substitute or successor benchmark to SOFR. In connection with and in the circumstances referred to in the foregoing, the Fiscal Agent and the Calculation Agent will be entitled to conclusively rely on any determinations made by the Bank, the SOFR Benchmark Replacement Agent or the Independent Adviser (as applicable) and will have no liability for such actions taken at the direction of, or determinations made by, the Bank, the SOFR Benchmark Replacement Agent or the Independent Adviser (as applicable).

In this Condition 6.2(b) **Independent Adviser** means an independent financial institution of international repute or other independent adviser of recognised standing with appropriate expertise appointed by the Bank at its own expense.

(c) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) Determination of Rate of Interest and calculation of Interest Amounts

The Fiscal Agent or the Calculation Agent or the CSD Agent, in the case of Floating Rate Covered Bonds other than CSD Covered Bonds, and the Calculation Agent, in the case of Floating Rate Covered Bonds which are CSD Covered Bonds, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Fiscal Agent or the Calculation Agent or the CSD Agent (in the case of Covered Bonds other than CSD Covered Bonds) and the Calculation Agent (in the case of CSD Covered Bonds) will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Covered Bonds for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Covered Bonds which are represented by (i) a Global Covered Bond or a CSD Covered Bond or (ii) Registered Covered Bonds in definitive form, the aggregate outstanding nominal amount of the Covered Bonds of (A) the Covered Bonds represented by such Global Covered Bond or a CSD Covered Bond or (B) such Registered Covered Bonds; or
- (ii) in the case of Floating Rate Covered Bonds which are Bearer Covered Bonds in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Covered Bond which is a Bearer Covered Bond in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Covered Bond shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding. **Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 6.2:

- (A) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (B) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (C) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (D) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (E) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

$Y_1$  is the year, expressed as a number, in which the first day of the Interest Period falls;

$Y_2$  is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

$M_1$  is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

$M_2$  is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case **D<sub>1</sub>** will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and **D<sub>1</sub>** is greater than 29, in which case **D<sub>2</sub>** will be 30;

- (F) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Interest Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case **D<sub>1</sub>** will be 30; and

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case **D<sub>2</sub>** will be 30;

- (G) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

**Y<sub>1</sub>** is the year, expressed as a number, in which the first day of the Interest Period falls;

**Y<sub>2</sub>** is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**M<sub>1</sub>** is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

**M<sub>2</sub>** is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

**D<sub>1</sub>** is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case **D<sub>1</sub>** will be 30; and

$D_2$  is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case  $D_2$  will be 30.

(e) **Maximum Interest Amounts**

If the applicable Final Terms specifies a Maximum Interest Amount for any Interest Period, then, in the event that the Interest Amount in respect of such Interest Period determined in accordance with the provisions of paragraph (d) above is greater than such Maximum Interest Amount, the Interest Amount for such Interest Period shall be such Maximum Interest Amount.

(f) **Notification of Rate of Interest and Interest Amounts**

The Fiscal Agent or the Calculation Agent or the CSD Agent or, where the relevant Floating Rate Covered Bonds are CSD Covered Bonds, the Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Covered Bonds are for the time being listed (by no later than the first day of each Interest Period (or, where the relevant Floating Rate Covered Bonds are not CSD Covered Bonds and the Calculation Agent is other than the Fiscal Agent, as soon as reasonably practicable after the Calculation Agent has notified the Fiscal Agent of such)) and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly be notified to (i) each stock exchange on which the relevant Floating Rate Covered Bonds are for the time being listed by no later than the first day of each Interest Period and (ii) the Covered Bondholders in accordance with Condition 14. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(g) **Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6.2, whether by the Fiscal Agent or, if applicable, the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the Calculation Agent (if applicable), the other Paying Agents, the CSD Agent (in the case of CSD Covered Bonds) and all Covered Bondholders, Receiptholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Covered Bondholders, the Receiptholders or the Couponholders shall attach to the Fiscal Agent or, if applicable, the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

### **6.3 Benchmark Discontinuation**

Notwithstanding the provisions in 6.2, as the case may be, above, (in the case of Floating Rate Covered Bonds other than where the Reference Rate is specified in the applicable Final Terms as being Compounded Daily SOFR, in which case the provisions of this Condition 6.3 shall not apply), if the Bank determines that a Benchmark Event has occurred in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to that Original Reference Rate, then the following provisions of this Condition 6.3 shall apply.

(a) **Successor Rate or Alternative Rate**

If there is a Successor Rate, then the Bank shall promptly notify the Fiscal Agent or the Calculation Agent or the CSD Agent, as applicable, in accordance with Condition 14, the Covered Bondholders of such Successor Rate and that Successor Rate shall (subject to adjustment as provided in Condition 6.3(b)) subsequently be used by the Fiscal Agent or the Calculation Agent or the CSD Agent, as applicable, in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Covered Bonds (subject to the further operation of this Condition 6.3).

If there is no Successor Rate but the Bank, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines that there is an Alternative Rate, then the Bank shall promptly notify the Fiscal Agent or the Calculation Agent or the CSD Agent, as applicable, and, in accordance with Condition 14, the Covered Bondholders of such Alternative Rate and that Alternative Rate shall (subject to adjustment as provided in Condition 6.3(b)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Covered Bonds (subject to the further operation of this Condition 6.3).

**(b) Adjustment Spread**

If, in the case of a Successor Rate, an Adjustment Spread is formally recommended or proposed in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body, then the Bank shall promptly notify the Fiscal Agent or the Calculation Agent or the CSD Agent, as applicable, and, in accordance with Condition 14, the Covered Bondholders of such Adjustment Spread and the Fiscal Agent or the Calculation Agent or the CSD Agent, as applicable, shall apply such Adjustment Spread to the Successor Rate for each subsequent determination of a relevant Rate of Interest (or a component part thereof) by reference to such Successor Rate.

If, in the case of a Successor Rate where no such Adjustment Spread is formally recommended or proposed by any Relevant Nominating Body, or in the case of an Alternative Rate, the Bank, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines that there is an Adjustment Spread in customary market usage in the international debt capital markets for transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be), then the Bank shall promptly notify the Fiscal Agent or the Calculation Agent or the CSD Agent, as applicable, and, in accordance with Condition 14, the Covered Bondholders of such Adjustment Spread and the Fiscal Agent or the Calculation Agent or the CSD Agent, as applicable, shall apply such Adjustment Spread to the Successor Rate and the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

If no such recommendation or option has been made (or made available) by any Relevant Nominating Body, or the Bank so determines that there is no such Adjustment Spread in customary market usage in the international debt capital markets and the Bank further determines, acting in good faith, in a commercially reasonable manner and following consultation with an Independent Adviser, that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be), then the Adjustment Spread shall be:

- (i) the Adjustment Spread determined by the Bank, acting in good faith, in a commercially reasonable manner and following consultation with an Independent Adviser, as being the Adjustment Spread recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or
- (ii) if there is no such industry standard recognised or acknowledged, such Adjustment Spread as the Bank, acting in good faith, in a commercially reasonable manner and following consultation with an Independent Adviser, determines to be appropriate having regard to the objective, so far as is reasonably practicable in the circumstances, of reducing or eliminating any economic prejudice or benefit (as the case may be) to Covered Bondholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be).

Following any such determination of the Adjustment Spread, the Bank shall promptly notify the Fiscal Agent or the Calculation Agent or the CSD Agent, as applicable, and, in accordance with Condition 14, the Covered Bondholders of such Adjustment Spread and the Fiscal Agent shall apply such Adjustment Spread to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

(c) **Benchmark Amendments**

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 6.3 and the Bank, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines in its discretion (A) that amendments to these Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the **Benchmark Amendments**) and (B) the terms of the Benchmark Amendments, then the Bank and the Fiscal Agent shall, subject to the Bank having to give notice thereof to the Covered Bondholders in accordance with Condition 14, without any requirement for the consent or approval of Covered Bondholders, agree to the necessary modifications to these Conditions and/or the Agency Agreement, as determined by the Bank, to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such modifications in accordance with this Condition 6.3(c), the Bank shall comply with the rules of any stock exchange on which the Covered Bonds are for the time being listed or admitted to trading.

Any Benchmark Amendments determined under this Condition 6.3(c) shall be notified promptly by the Bank to the Fiscal Agent or the Calculation Agent or the CSD Agent, as applicable, and, in accordance with Condition 14, the Covered Bondholders. Such notice shall be irrevocable and shall specify the effective date of such Benchmark Amendments.

(d) **Independent Adviser**

In the event the Bank is to consult with an Independent Adviser in connection with any determination to be made by the Bank pursuant to this Condition 6.3, the Bank shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, for the purposes of any such consultation. Neither the Fiscal Agent nor the Calculation

Agent shall act as Independent Adviser unless such Agent shall have accepted such appointment in writing.

An Independent Adviser appointed pursuant to this Condition 6.3 shall act in good faith, in a commercially reasonable manner and (in the absence of fraud or wilful default) shall have no liability whatsoever to the Bank or the Covered Bondholders for any determination made by it or for any advice given to the Bank in connection with any determination made by the Bank pursuant to this Condition 6.3 or otherwise in connection with the Covered Bonds.

If the Bank consults with an Independent Adviser as to whether there is an Alternative Rate and/or any Adjustment Spread is required to be applied and/or in relation to the quantum of, or any formula or methodology for determining such Adjustment Spread and/or whether any Benchmark Amendments are necessary and/or in relation to the terms of any such Benchmark Amendments, a written determination of that Independent Adviser in respect thereof shall be conclusive and binding on all parties, save in the case of manifest error, and (in the absence of fraud or wilful default) the Bank shall have no liability whatsoever to the Covered Bondholders in respect of anything done, or omitted to be done, in relation to that matter in accordance with any such written determination.

No Independent Adviser appointed in connection with the Covered Bonds (acting in such capacity), shall have any relationship of agency or trust with the Covered Bondholders.

(e) **Survival of Original Reference Rate Provisions**

Without prejudice to the obligations of the Bank under this Condition 6.3, the Original Reference Rate and the fallback provisions provided for in Condition 6.2, the Agency Agreement and the applicable Final Terms, as the case may be, will continue to apply unless and until the Bank has determined the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with the relevant provisions of this Condition 6.3.

(f) **Definitions**

In this Condition 6.3:

**Adjustment Spread** means either a spread, or the formula or methodology for calculating a spread and the spread resulting from such calculation, which spread may in either case be positive or negative and is to be applied to the Successor Rate or the Alternative Rate (as the case may be) where the Original Reference Rate is replaced with the Successor Rate or the Alternative Rate (as the case may be);

**Alternative Rate** means an alternative benchmark or screen rate which the Bank determines in accordance with this Condition 6.3 is used in place of the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for a commensurate interest period and in the same Specified Currency as the Covered Bonds;

**Benchmark Event** means:

- (i) the Original Reference Rate ceasing to be published for at least five Business Days or ceasing to exist or be administered;
- (ii) the later of (A) the making of a public statement by the administrator of the Original Reference Rate that it will, by a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been

appointed that will continue publication of the Original Reference Rate) and (B) the date falling six months prior to such specified date;

- (iii) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued or is prohibited from being used or is no longer representative, or that its use is subject to restrictions or adverse consequences or, where such discontinuation, prohibition, restrictions or adverse consequences are to apply from a specified date after the making of any public statement to such effect, the later of the date of the making of such public statement and the date falling six months prior to such specified date; or
- (iv) it has or will prior to the next Interest Determination Date or Reset Determination Date, as applicable, become unlawful for the Calculation Agent, any Paying Agent or the Bank to determine any Rate of Interest and/or calculate any Interest Amount using the Original Reference Rate (including, without limitation, under Regulation (EU) No. 2016/1011, if applicable).

**Independent Adviser** means an independent financial institution of international repute or other independent adviser of recognised standing with appropriate expertise appointed by the Bank at its own expense;

**Original Reference Rate** means the benchmark or screen rate (as applicable) originally specified in the applicable Final Terms for the purposes of determining the relevant Rate of Interest (or any component part thereof) in respect of the Covered Bonds provided that if, following one or more Benchmark Events, such originally specified Reference Rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Rate, the term **Original Reference Rate** shall include any such Successor Rate or Alternative Rate);

**Relevant Nominating Body** means, in respect of a benchmark or screen rate (as applicable):

- (i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (C) a group of the aforementioned central banks or other supervisory authorities, or (D) the Financial Stability Board or any part thereof; and

**Successor Rate** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

#### 6.4 Interest on Inflation Linked Covered Bonds

Each Inflation Linked Covered Bond bears interest from (and including) the Interest Commencement Date at the rate per annum equal to the Rate of Interest payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Final Maturity Date.

If interest is required to be calculated for a period other than an Interest Period such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction (as defined in Condition 6.2(d) (*Determination of Rate of Interest*



and calculation of Interest Amounts)), and rounding the resultant figure to the nearest sub-unit (as defined in Condition 6.2(d) (*Determination of Rate of Interest and calculation of Interest Amounts*)) of the relevant Specified Currency, half of any such sub unit being rounded upwards or otherwise in accordance with applicable market convention.

## 6.5 Interest on Inflation Linked Non-Amortising Covered Bonds

Each Inflation Linked Non-Amortising Covered Bond bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest multiplied by the Index Ratio (as defined in Condition 7.1(b) (*Payments in respect of Inflation Linked Covered Bonds*)) below. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Final Maturity Date or, if the applicable Final Terms specifies that an Extended Final Maturity Date applies, the Extended Final Maturity Date or any earlier Interest Payment Date on which the Covered Bonds are redeemed in full, provided that any amounts representing interest payable after the Final Maturity Date shall be paid at such rate and on such dates specified in the applicable Final Terms.

If interest is required to be calculated for a period other than an Interest Period, such interest shall be calculated in respect of any period by applying the Rate of Interest multiplied by the Index Ratio (as defined in Condition 7.1(b) (*Payments in respect of Inflation Linked Covered Bonds*)) to:

- (a) in the case of Inflation Linked Non-Amortising Covered Bonds which are represented by a Global Covered Bond or Inflation Linked Non-Amortising Covered Bonds which are CSD Covered Bonds, the aggregate outstanding nominal amount of the Inflation Linked Non-Amortising Covered Bonds; or
- (b) in the case of Inflation Linked Non-Amortising Covered Bonds in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction (as defined in Condition 6.1), and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of an Inflation Linked Non-Amortising Covered Bond in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Inflation Linked Non-Amortising Covered Bond shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

As used in these Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

## 6.6 Accrual of interest

Each Covered Bond (or in the case of the redemption of part only of a Covered Bond, that part only of such Covered Bond) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Covered Bond have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Covered Bond has been received by the Fiscal Agent, the Registrar or the CSD Agent, as the

case may be, and notice to that effect has been given to the Covered Bondholders in accordance with Condition 14.

## 7. PAYMENTS

### 7.1 Payments in respect of Inflation Linked Covered Bonds

- (a) If this is an Inflation Linked Covered Bond, the Issuer shall, on each relevant Interest Payment Date, make a combined payment of principal due under Condition 8.3, interest due under Condition 6.4 and any indexation amount (together, the **Annuity Amount**) as calculated by the Calculation Agent in accordance with the following formula.

$$P = \frac{r}{1 - (1+r)^{-n}} \times IR \times d$$

where:

P = The combined payment of principal, interest and indexation amount of the relevant Covered Bonds;

$$r = \frac{c}{[\textit{insert number of interest payments per year}]}$$

c = The Rate of Interest applicable to the relevant Covered Bonds;

d = The Specified Denomination of the relevant Covered Bonds;

n = [*Insert total number of annuity payments on the relevant Covered Bonds*]; and

IR = The Index Ratio as determined in accordance with paragraph (b) below

- (b) The value of the Index Ratio (**Index Ratio** or **IR**) on the relevant Interest Payment Date shall be the value of the Reference Index (**RI**) applicable to the relevant Interest Payment Date divided by the value of the Base Index (**BI**) as calculated by the Calculation Agent

$$\text{being IR} = \frac{\text{RI}}{\text{BI}}$$

where:

**Reference Index** or **RI** means:

- (i) for the first day of the relevant calendar month, the value of the Consumer Price Index (the **CPI**) for the relevant month as calculated by Statistics Iceland pursuant to the Consumer Price Index Act of 1995 (*lög um vísitölu neyðsluverðs nr. 12/1995*) and published monthly in the Legal Gazette (*Lögbirtingarblaðið*);
- (ii) for each day in the relevant calendar month other than the first day:
  - (A) if the CPI for the calendar month immediately succeeding the month in which the relevant Interest Payment Date falls (the **Succeeding Month CPI**) has been published as at the relevant Interest Payment Date:

$$RI = CPI_t + (CPI_{t+1} - CPI_t) \frac{d}{360}$$

- (B) if the Succeeding Month CPI has not been published as at the relevant Interest Payment Date:

$$RI = CPI_t \times (1 + i) \frac{d}{360}$$

where:

RI = Reference Index;

$CPI_t$  = CPI value for the first day of the relevant calendar month;

$CPI_{t+1}$  = Succeeding Month CPI;

d = number of days since the first day of the month; and

i = annualised inflation forecast of the Central Bank of Iceland

and

**Base Index** means the value specified in the Final Terms of the relevant Tranche of Covered Bonds, being the value of the CPI on the relevant date specified in such Final Terms.

If at any time a new index is substituted for the CPI, as of the calendar month from and including that in which such substitution takes effect:

- (i) the Reference Index shall be deemed to refer to the new index; and
- (ii) the new Base Index shall be the product of the old Base Index prior to the change and the new Reference Index immediately following such substitution, divided by the old Reference Index immediately prior to such substitution.

## 7.2 Method of payment

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland respectively); and
- (b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment or other laws and regulations to which the Issuer or its Agents are subject, but without prejudice to the provisions of Condition 9 and (ii) any withholding or deduction required

pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 9 (*Taxation*)) any law implementing an intergovernmental approach thereto (**FATCA**).

### **7.3 Presentation of definitive Bearer Covered Bonds, Receipts and Coupons**

Payments of principal in respect of definitive Bearer Covered Bonds will (subject as provided below) be made in the manner provided in paragraph 7.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Covered Bonds, and payments of interest in respect of definitive Bearer Covered Bonds will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Payments of instalments of principal (if any) in respect of definitive Bearer Covered Bonds, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph 7.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph 7.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Covered Bond in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Covered Bond to which it appertains. Receipts presented without the definitive Bearer Covered Bond to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Covered Bond becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Covered Bonds and Inflation Linked Covered Bonds in definitive bearer form (other than Long Maturity Covered Bonds (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 9) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 10) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Covered Bond or Inflation Linked Covered Bonds in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Covered Bond, or Long Maturity Covered Bond in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Covered Bond** is a Fixed Rate Covered Bond (other than a Fixed Rate Covered Bond which on issue had a Talon attached) or an Inflation Linked Non-Amortising Covered Bond whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Covered Bond shall cease to be a Long

Maturity Covered Bond on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Covered Bond.

If the due date for redemption of any definitive Bearer Covered Bond is not an Interest Payment Date, interest (if any) accrued in respect of such Bearer Covered Bond from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Covered Bond.

#### **7.4 Payments in respect of Bearer Global Covered Bonds**

Payments of principal and interest (if any) in respect of Covered Bonds represented by any Bearer Global Covered Bond will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Covered Bonds and otherwise in the manner specified in the relevant Bearer Global Covered Bond, where applicable, against presentation or surrender, as the case may be, of such Bearer Global Covered Bond at the specified office of any Paying Agent outside the United States. A record of each payment, distinguishing between any payment of principal and any payment of interest, will be made on such Bearer Global Covered Bond either by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

#### **7.5 Payments in respect of Registered Covered Bonds**

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Covered Bond (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Covered Bond at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Covered Bond appearing in the register of holders of the Registered Covered Bonds maintained by the Registrar (the **Registered Covered Bond Register**) (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (a) a holder does not have a Designated Account or (b) the principal amount of the Covered Bonds held by a holder is less than U.S.\$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Registered Covered Bond Register and Designated Bank means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Covered Bond (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Covered Bond appearing in the Registered Covered Bond Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant

due date (the **Record Date**) at his address shown in the Registered Covered Bond Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Covered Bond, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Covered Bonds which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Covered Bond on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Covered Bond.

Holders of Registered Covered Bonds will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Covered Bond as a result of a cheque posted in accordance with this Condition 7.5 arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Covered Bonds.

None of the Issuer or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Covered Bonds or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

## **7.6 General provisions applicable to payments**

The holder of a Global Covered Bond shall be the only person entitled to receive payments in respect of Covered Bonds represented by such Global Covered Bond and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Covered Bond in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Covered Bonds represented by such Global Covered Bond must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Covered Bond.

Notwithstanding the foregoing provisions of this Condition 7.6, if any amount of principal and/or interest in respect of Bearer Covered Bonds is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Covered Bonds will be made at the specified office of a Paying Agent in the United States if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Covered Bonds in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

## 7.7 Payments in respect of CSD Covered Bonds

Payments of principal and interest in respect of CSD Covered Bonds will be made to the Covered Bondholders shown in the relevant records of the CSD in accordance with and subject to the rules and regulations from time to time governing the CSD.

## 7.8 Payment Day

If the date for payment of any amount in respect of any Covered Bond, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 10) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (i) in the case of Covered Bonds in definitive form only, the relevant place of presentation; and
  - (ii) each Additional Financial Centre specified in the applicable Final Terms; and
- (b) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the T2 is open.

## 7.9 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Covered Bonds shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 9;
- (b) the Final Redemption Amount of the Covered Bonds;
- (c) the Early Redemption Amount of the Covered Bonds;
- (d) the Optional Redemption Amount(s) (if any) of the Covered Bonds;
- (e) in relation to Covered Bonds redeemable in instalments, the Instalment Amounts; and
- (f) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Covered Bonds.

Any reference in the Conditions to interest in respect of the Covered Bonds shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 9.

## 7.10 Partial Payment

If on the Maturity Date of a Series of Covered Bonds where an Extended Final Maturity Date is specified in the applicable Final Terms the Issuer has insufficient moneys to pay the Final Redemption Amount on that Series of Covered Bonds and any other amounts due and payable by the Issuer in respect of Covered Bonds on such date, then the Issuer shall apply available moneys, after having made payment of all other amounts due and payable by the Issuer in respect of Covered Bonds on such date, to redeem the relevant Series of Covered Bonds in part at par together with accrued interest *pro rata* and *pari passu* with any other Series of Covered Bonds for which an Extended Final Maturity Date is specified in the Final Terms.

## 8. REDEMPTION AND PURCHASE

### 8.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Covered Bond will be redeemed by the Issuer at the Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

#### (a) Extension of Maturity Date

If an Extended Final Maturity Date is specified as applicable in the Final Terms for a Series of Covered Bonds and the Issuer (i) has received approval from the Icelandic FSA to extend the maturity of the Covered Bonds (a **Maturity Extension Approval**) and (ii) has failed to pay the Final Redemption Amount on the Maturity Date specified in the Final Terms, then (subject as provided below) the maturity of the outstanding Covered Bonds not so redeemed and the date on which such Covered Bonds will, notwithstanding any insolvency, bankruptcy or resolution in respect of the Issuer at the relevant time, be due and repayable for the purposes of these Terms and Conditions, will be extended up to and including (but no later than) the Extended Final Maturity Date, provided that any amount representing the Final Redemption Amount due and remaining unpaid on the Maturity Date may be paid by the Issuer on any Interest Payment Date occurring thereafter to the extent that funds are available in the Cover Pool up to (and including) the relevant Extended Final Maturity Date.

The Issuer shall promptly give notice to the Fiscal Agent and the Covered Bondholders (in accordance with Condition 14 (*Notices*)) of such Maturity Extension Approval (provided, however, that any failure by the Issuer to give such notice shall not in any event affect the validity or effectiveness of the extension of maturity or give any Covered Bondholder any right to receive any payment of interest, principal or otherwise with respect to the relevant Covered Bonds other than as provided for in these Conditions).

The Issuer shall confirm to the Rating Agencies (if applicable), any relevant Swap Provider and the Fiscal Agent as soon as reasonably practicable and in any event at least 4 business days in London prior to the Maturity Date of any inability of the Issuer to pay in full the Final Redemption Amount in respect of a Series of Covered Bonds on that Maturity Date.

Where the applicable Final Terms for a relevant Series of Covered Bonds provides that such Covered Bonds are subject to an Extended Final Maturity Date, such failure to pay by the Issuer on the Maturity Date shall not constitute a default in payment.

### 8.2 Redemption for tax reasons

- (a) The Covered Bonds may, subject to Condition 8.2(b) below, be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Covered Bond is neither a Floating Rate Covered Bond,



an Inflation Linked Covered Bond nor an Inflation Linked Non-Amortising Covered Bond) or on any Interest Payment Date (if this Covered Bond is either a Floating Rate Covered Bond, an Inflation Linked Covered Bond or an Inflation Linked Non-Amortising Covered Bond), on giving not less than 30 nor more than 60 days' notice to the Agent and, in accordance with Condition 14, the Covered Bondholders (which notice shall be irrevocable), if:

- (i) on the occasion of the next payment due under the Covered Bonds, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of the Republic of Iceland (**Iceland**) or any political subdivision of, or any authority in, or of, Iceland having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Covered Bonds; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Covered Bonds then due.

- (b) Prior to the publication of any notice of redemption pursuant to this Condition 8.2, the Issuer shall deliver to the Fiscal Agent a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.
- (c) Each Covered Bond redeemed pursuant to this Condition 8.2 will be redeemed at the Early Redemption Amount.

### 8.3 Calculation of principal payments in respect of Inflation Linked Covered Bonds

Unless previously redeemed or purchased and cancelled, each Inflation Linked Covered Bond will, subject to Condition 7.1 (*Payments in respect of Inflation Linked Covered Bonds*), be redeemed in one or more amounts constituting payments of principal in relation to such Inflation Linked Covered Bond, in the relevant Specified Currency on the relevant Interest Payment Dates, calculated in accordance with the following formula:

$$A = \frac{r(1+r)^{k-1}}{(1+r)^{n-1}} \times d$$

where:

A = The amount of each instalment of the relevant Covered Bonds;

r =  $\frac{c}{[\textit{insert number of interest payments per year}]}$ ;

c = The Rate of Interest applicable to the relevant Covered Bonds;

d = The Specified Denomination of the relevant Covered Bonds;

n = *[Insert total number of [annuity] payments on the relevant Covered Bonds]*; and

$k =$  The number of payments that have already taken place + 1 ( $k = 1$  for the first payment,  $k = 2$  for the second payment, etc)

For the avoidance of doubt, this formula does not link the principal amount calculated to inflation.

#### **8.4 Calculation of principal payments in respect of Inflation Linked Non-Amortising Covered Bonds**

Unless previously redeemed or purchased and cancelled, each Inflation Linked Non-Amortising Covered Bond will be redeemed in one or more amounts constituting payments of principal in relation to such Inflation Linked Non-Amortising Covered Bond, in the relevant Specified Currency on the relevant Interest Payment Dates, calculated in accordance with the following formula:

$$P = N \times IR$$

where:

P = the Final Redemption Amount per Specified Denomination of each Inflation Linked Non-Amortising Covered Bond;

N = the Specified Denomination (as specified in the relevant Final Terms) for each Inflation Linked Non-Amortising Covered Bond; and

IR = the Index Ratio as set out in Condition 7.1(b), above.

#### **8.5 Redemption at the option of the Issuer (Issuer Call)**

If Issuer Call is specified in the applicable Final Terms, the Issuer may, having given:

- (a) not less than 15 nor more than 30 days' notice to the Covered Bondholders in accordance with Condition 14; and
- (b) not less than 15 days before the giving of the notice referred to in notice to the Fiscal Agent and, (in the case of a redemption of Registered Covered Bonds) the Registrar;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Covered Bonds then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Covered Bonds, the Covered Bonds to be redeemed (**Redeemed Covered Bonds**) will be selected individually by lot, in the case of Redeemed Covered Bonds represented by definitive Covered Bonds, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Covered Bonds represented by a Global Covered Bond, and in accordance with the rules of the CSD in the case of the CSD Covered Bonds, in each case not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Covered Bonds represented by definitive Covered Bonds, a list of the serial numbers of such Redeemed Covered Bonds will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Covered Bond will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this

Condition 8.5 and notice to that effect shall be given by the Issuer to the Covered Bondholders in accordance with Condition 14 at least five days prior to the Selection Date.

## **8.6 Redemption at the option of the Covered Bondholders (Investor Put)**

If Investor Put is specified in the applicable Final Terms, upon the holder of any Covered Bond giving to the Issuer in accordance with Condition 14 not less than 15 nor more than 30 days' notice the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Covered Bond on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. Registered Covered Bonds may be redeemed under this Condition 8.6 in any multiple of their lowest Specified Denomination. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

To exercise the right to require redemption of this Covered Bond the holder of this Covered Bond must, if this Covered Bond is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Bearer Covered Bonds) or the Registrar (in the case of Registered Covered Bonds) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition 8.6 and, in the case of Registered Covered Bonds, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Covered Bonds so surrendered is to be redeemed, an address to which a new Registered Covered Bond in respect of the balance of such Registered Covered Bonds is to be sent subject to and in accordance with the provisions of Condition 2. If this Covered Bond is in definitive bearer form, the Put Notice must be accompanied by this Covered Bond or evidence satisfactory to the Paying Agent concerned that this Covered Bond will, following delivery of the Put Notice, be held to its order or under its control.

If the Covered Bond is represented by a Global Covered Bond or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Covered Bond the holder of this Covered Bond must, within the notice period, give notice to the Fiscal Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Fiscal Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Covered Bond is represented by a Global Covered Bond, at the same time present or procure the presentation of the relevant Global Covered Bond to the Agent for notation accordingly.

If the Covered Bond is an CSD Covered Bond, to exercise the right to require redemption of this Covered Bond the holder of this Covered Bond must, within the notice period, give notice to the CSD Agent of such exercise in accordance with the standard procedures of the CSD from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg or, in the case of CSD Covered Bonds, the CSD given by a holder of any Covered Bond pursuant to this paragraph shall be irrevocable.

## 8.7 Early Redemption Amounts

For the purpose of Condition 8.2 above (*Redemption for tax reasons*):

- (a) each Covered Bond (other than a Zero Coupon Covered Bond) will be redeemed at its Early Redemption Amount specified in the applicable Final Terms; and
- (b) each Zero Coupon Covered Bond, will be redeemed at its Early Redemption Amount calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = (\text{RP} (1 + \text{AY})^x)$$

where:

**RP** means the Reference Price;

**AY** means the Accrual Yield expressed as a decimal; and

**x** is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Covered Bonds to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Covered Bond becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Final Terms.

## 8.8 Instalments

Instalment Covered Bonds will be redeemed at the lesser of the Instalment Amounts and the Maximum Instalment Amounts and on the Instalment Dates. In the case of early redemption, each Instalment Covered Bond will be redeemed at the Early Redemption Amount.

## 8.9 Purchases

The Issuer or any subsidiary of the Issuer may at any time purchase Covered Bonds (provided that, in the case of definitive Covered Bonds, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Covered Bonds may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent and/or the Registrar for cancellation.

## 8.10 Cancellation

All Covered Bonds which are redeemed or surrendered for cancellation pursuant to Condition 8.9 above will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Covered Bonds so cancelled (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Fiscal Agent and cannot be reissued or resold.

## 8.11 Late payment on Zero Coupon Covered Bonds

If the amount payable in respect of any Zero Coupon Covered Bond upon redemption of such Zero Coupon Covered Bond pursuant to Condition 8.1, 8.2, 8.3 or 8.6 above is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Covered Bond shall be the amount calculated as provided in Condition 8.7(b) above as though the references therein to the date

fixed for the redemption or the date upon which such Zero Coupon Covered Bond becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Covered Bond have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Covered Bonds has been received by the Fiscal Agent or the Registrar and notice to that effect has been given to the Covered Bondholders in accordance with Condition 14.

## 9. TAXATION

All payments of principal and interest in respect of the Covered Bonds, Receipts and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties, assessments or government charges of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction, unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Covered Bonds, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Covered Bonds, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Covered Bond, Receipt or Coupon:

- (a) presented for payment in Iceland;
- (b) the holder of which is liable for such taxes or duties in respect of such Covered Bond, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Covered Bond, Receipt or Coupon; or
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 7.8); or
- (d) [RESERVED]
- (e) [RESERVED]
- (f) where such withholding or deduction is required to be made based on provisions of the Act on Withholding of Public Levies at Source No 45/1987, as amended, the Act on Withholding of Tax on Financial Income No 94/1996, as amended, and Article 3 of the Income Tax Act no. 90/2003 (ITA), and any other legislation, laws or regulations, replacing or supplementing the same.

As used herein:

**Tax Jurisdiction** means Iceland or any political subdivision or any authority thereof or therein having power to tax; and

**Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Fiscal Agent or the Registrar or, in the case of CSD Covered Bonds, the CSD Agent, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Covered Bondholders in accordance with Condition 14.

## **10. PRESCRIPTION**

The Covered Bonds (whether in bearer, registered or dematerialised form), Receipts and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 9) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 10 or Condition 7.3) or any Talon which would be void pursuant to Condition 7.3.

## **11. REPLACEMENT OF COVERED BONDS, RECEIPTS, COUPONS AND TALONS**

Should any Covered Bond, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent (in the case of Bearer Covered Bonds, Receipts or Coupons) or the Registrar (in the case of Registered Covered Bonds) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Covered Bonds, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## **12. AGENTS**

The names of the initial Agents and their initial specified offices are set out below.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (a) there will at all times be a Fiscal Agent and a Registrar;
- (b) so long as the Covered Bonds are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Covered Bonds) which may be the Fiscal Agent and a Transfer Agent (in the case of Registered Covered Bonds) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority);
- (c) [RESERVED];
- (d) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated; and
- (e) in the case of CSD Covered Bonds, there will at all times be an CSD Agent authorised to act as an account holding institution with the CSD and one or more calculation agent(s) where the Terms and Conditions of the relevant CSD Covered Bonds so require.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 7.6. Any variation, termination, appointment or change shall only take effect (other than in the case of winding up or, from the effective date of withholding on "passthru payments," where the Paying Agent is an FFI and does not become, or ceases to be, exempt from withholding under FATCA, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Covered Bondholders in accordance with Condition 14.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Covered Bondholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

### **13. EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Covered Bond to which it appertains) a further Talon, subject to the provisions of Condition 10.

### **14. NOTICES**

#### *(a) Covered Bonds other than CSD Covered Bonds*

All notices regarding the Bearer Covered Bonds will be deemed to be validly given if published (a) in a leading English language daily newspaper of general circulation in London and (b) if and for so long as the Bearer Covered Bonds are admitted to trading on the regulated market of the Luxembourg Stock Exchange and listed on the Official List of the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg and/or the Luxembourg Stock Exchange's website (<https://www.luxse.com/>). It is expected that any such publication in a newspaper will be made in the Financial Times in London and in the Luxemburger Wort or the Tageblatt in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the Bearer Covered Bonds are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices regarding the Registered Covered Bonds will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Registered Covered Bond Register and will be deemed to have been given on the fourth day after mailing and, in addition, (a) for so long as any Registered Covered Bonds are admitted to trading on the regulated market of the Luxembourg Stock Exchange and listed on the Official List of the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg and/or the Luxembourg Stock Exchange's website (<https://www.luxse.com/>), and (b) a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Covered Bonds are issued, there may, so long as any Global Covered Bonds representing the Covered Bonds are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such mailing the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Covered Bonds and, in addition, for so long as any Covered Bonds are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange the Luxembourg Stock Exchange's website (<https://www.luxse.com/>). Any such

notice shall be deemed to have been given to the holders of the Covered Bonds on the third day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

(b) *CSD Covered Bonds*

All notices regarding the CSD Covered Bonds will be valid if published in a manner which complies with the rules and regulations of the relevant act which apply to publicly listed securities and/or any stock exchange and/or any other relevant authority on which the CSD Covered Bonds are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication. Where the Covered Bonds are CSD Covered Bonds, the Issuer can additionally at its own discretion obtain information from the CSD on the Covered Bondholders in order to send notices to each Covered Bondholder directly.

(c) *Notices given by Covered Bondholders*

Notices to be given by any Covered Bondholder shall be in writing and given by lodging the same, together (in the case of any Covered Bond in definitive form) with the relative Covered Bond or Covered Bonds, with the Fiscal Agent (in the case of Bearer Covered Bonds) or the Registrar (in the case of Registered Covered Bonds). Whilst any of the Covered Bonds are represented by a Global Covered Bond, such notice may be given by any holder of a Covered Bond to the Fiscal Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Fiscal Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

**15. MEETINGS OF COVERED BONDHOLDERS, MODIFICATION AND WAIVER**

(a) *Covered Bonds other than CSD Covered Bonds*

The Agency Agreement contains provisions for convening meetings of the Covered Bondholders (including by way of conference call or by use of a videoconference platform) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Covered Bonds, the Receipts, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by Covered Bondholders holding not less than 5% in nominal amount of the Covered Bonds for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50% in nominal amount of the Covered Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Covered Bondholders whatever the nominal amount of the Covered Bonds so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Covered Bonds, the Receipts or the Coupons (including modifying the date of maturity of the Covered Bonds or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Covered Bonds or altering the currency of payment of the Covered Bonds, the Receipts or the Coupons or amending the Deed of Covenant in certain respects)), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Covered Bonds for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Covered Bonds for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Covered Bondholders shall be binding on all the Covered Bondholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.



The Issuer and the Fiscal Agent shall agree, without the consent of the Covered Bondholders, Receiptholders or Couponholders, to:

- (i) any modification to any Series of Covered Bonds, the terms and conditions applying to Covered Bonds of one or more Series (including these Terms and Conditions), the Receipts, the Coupons, the Agency Agreement, the Deed of Covenant or any other document that has been entered into by the Issuer in relation to the Programme which the Issuer in its sole discretion determines is not prejudicial to the interests of the Covered Bondholders and (ii) will not cause a downgrade in the ratings of the Covered Bonds; or
- (ii) any modification to any Series of Covered Bonds, the terms and conditions applying to Covered Bonds of one or more Series (including these Terms and Conditions), the Receipts, the Coupons, the Agency Agreement, the Deed of Covenant or any other document that has been entered into by the Issuer in relation to the Programme which, in the opinion of the Issuer, is of a formal, minor or technical nature or is made to correct a manifest or proven error or to comply with mandatory provisions of the law or to comply with the provisions of Directive (EU) 2019/2162 and/or Regulation (EU) 2019/2160 as implemented into Icelandic law and/or to comply with the provisions of the Icelandic Covered Bond Act.

Pursuant to Condition 15(a)(i) above, the Issuer shall be entitled to determine in its sole discretion that any modification required in order to accommodate the substitution of a Rating Agency with respect to any Series of Covered Bonds will not be prejudicial to the interests of the Covered Bondholders provided that the relevant modifications are required to accommodate equivalent or higher rating criteria of the replacement Rating Agency. In such case, the related ratings requirements specified by and/or relating to such Rating Agency to be substituted (including those specified in the Deed of Covenant) shall be amended to refer to the respective ratings requirements of the replacement Rating Agency.

Any such modification shall be binding on the Covered Bondholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Covered Bondholders in accordance with Condition 14 as soon as practicable thereafter.

In relation to modifications made pursuant Conditions 15(a)(i) and 15(a)(ii) above, the Issuer shall consider the interest of the Covered Bondholders and in the event that the Issuer proposes any modification to the Agency Agreement, the Covered Bonds, the Receipts, the Coupons, the Deed of Covenant or any other document that has been entered into by the Issuer in relation to the Programme, the Agents shall assume without further enquiry that the conditions set out in this Condition 15 have been satisfied.

*(b) CSD Covered Bonds*

The Issuer may, in its capacity as CSD Agent, convene meetings of the holders of CSD Covered Bonds to consider any matter affecting their interests, including sanctioning by a majority of votes a modification of the CSD Covered Bonds. Such a meeting may be convened by the Issuer or by the holders of not less than 10 per cent. of the Voting CSD Covered Bonds. For the purpose of this Condition 15, **Voting CSD Covered Bonds** means the aggregate nominal amount of the total number of CSD Covered Bonds not redeemed or otherwise deregistered in the CSD, less the CSD Covered Bonds owned by the Issuer, any party who has decisive influence over the Issuer or any party over whom the Issuer has decisive influence.

The quorum at a meeting for passing a resolution is one or more persons holding at least one half of the Voting CSD Covered Bonds or at any adjourned meeting one or more persons being or representing holders of Voting CSD Covered Bonds whatever the nominal amount of the CSD Covered Bonds so held or represented, except that at any meeting the business of which includes the

modification of certain provisions of the CSD Covered Bonds (including modifying the date of maturity of the CSD Covered Bonds or any date for payment of interest thereof, reducing or cancelling the amount of principal or the rate of interest payable in respect of the CSD Covered Bonds or altering the currency of payment of the CSD Covered Bonds), the quorum shall be one or more persons holding or representing not less than two-thirds in aggregate nominal amount of the Voting CSD Covered Bonds for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in aggregate nominal amount of the Voting CSD Covered Bonds. A resolution passed at any meeting of the holders of CSD Covered Bonds shall be binding on all the holders, whether or not they are present at such meeting. If and whenever the Issuer has issued and has outstanding CSD Covered Bonds of more than one Series, (i) a resolution which affects the CSD Covered Bonds of only one Series shall be deemed to have been duly passed if passed at a separate meeting of the holders of the CSD Covered Bonds of that Series; (ii) a resolution which affects the CSD Covered Bonds of more than one Series but does not give rise to a conflict of interest between the holders of CSD Covered Bonds of any of the Series so affected shall be deemed to have been duly passed if passed at a single meeting of the holders of the CSD Covered Bonds of all the Series so affected; and (iii) a resolution which affects the CSD Covered Bonds of more than one Series and gives or may give rise to a conflict of interest between the holders of the CSD Covered Bonds of one Series or group of Series so affected and the holders of the CSD Covered Bonds of another Series or group of Series so affected shall be deemed to have been duly passed only if it is duly passed at separate meetings of the holders of the CSD Covered Bonds of each Series or group of Series so affected.

The Issuer, in its capacity as CSD Agent, may in certain circumstances, without the consent of the holders of the CSD Covered Bonds, make decisions binding on all holders relating to the Conditions which are not in its opinion, materially prejudicial to the interests of the holders of the CSD Covered Bonds or are required to comply with the provisions of Directive (EU) 2019/2162 and/or Regulation (EU) 2019/2160 as implemented into Icelandic law and/or to comply with the provisions of the Icelandic Covered Bond Act. The Issuer shall consider the interest of the holders of CSD Covered Bonds while making such decisions.

## **16. FURTHER ISSUES**

The Issuer shall be at liberty from time to time without the consent of the Covered Bondholders, the Receiptholders or the Couponholders to create and issue further covered bonds having terms and conditions the same as the Covered Bonds or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Covered Bonds.

## **17. THE CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of this Covered Bond under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## **18. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

### **18.1 Governing law**

The Agency Agreement, the Deed of Covenant, the Covered Bonds (except for Condition 3 and for CSD Covered Bonds, respectively), the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with the aforementioned, are governed by, and shall be construed in accordance with, English law. Condition 3 of the Covered Bonds and the CSD Covered Bonds are governed by, and shall be construed in accordance with, Icelandic law.

## 18.2 Submission to jurisdiction

The Issuer irrevocably agrees, for the benefit of the Covered Bondholders, the Receiptholders and the Couponholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Covered Bonds (other than the CSD Covered Bonds), the Receipts and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Covered Bonds, the Receipts and/or the Coupons) and accordingly submits to the exclusive jurisdiction of the English courts. The Issuer irrevocably agrees that any dispute arising out of the CSD Covered Bonds shall be subject to the exclusive jurisdiction of the District Court of Reykjavík. Legal action taken in respect of the CSD Covered Bonds under this Condition 18 may be proceeded with in accordance with the Act on Civil Procedure No. 91/1991, chapter 17.

The Issuer waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Covered Bondholders, the Receiptholders and the Couponholders, may take any suit, action or proceedings (together referred to as **Proceedings**) arising out of or in connection with the Covered Bonds, the Receipts and the Coupons (including any Proceeding relating to any non-contractual obligations arising out of or in connection with the Covered Bonds, the Receipts and/or the Coupons) against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

## 18.3 Appointment of Process Agent

The Issuer appoints Law Debenture Corporate Services Limited at its registered office at 8th Floor 100 Bishopsgate, London EC2N 4AG as its agent for service of process in England, and undertakes that, in the event of Law Debenture Corporate Services Limited ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

## 18.4 Waiver of immunity

The Issuer hereby irrevocably and unconditionally waives with respect to the Covered Bonds, the Receipts and the Coupons any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

## 18.5 Other documents

The Issuer has in the Agency Agreement and the Deed of Covenant submitted to the jurisdiction of the English courts, appointed an agent for service of process and waived immunity in terms substantially similar to those set out above.

## 19. DEFINITIONS

In these Conditions the following words shall have the following meanings:

**Cover Pool Swap Agreement** means the ISDA Master Agreement, schedule and confirmation(s) (as amended and supplemented from time to time) relating to the Cover Pool Swap entered into from time to time between the Issuer and the Cover Pool Swap Provider;

**Cover Pool Swap Provider** means the third party counterparties in their respective capacities as cover pool swap provider under a Cover Pool Swap Agreement;

**Cover Pool Swap** means the Cover Pool swap which enables the Issuer to convert ISK interest payments (less a client margin) received by the Issuer in respect of assets (other than Swaps) registered to the Cover Pool into floating or fixed payments (as the case may be) payments linked to the interest rate payable on the Covered Bonds;

**Cover Pool** means the pool of eligible assets recorded in the Register maintained by the Issuer in accordance with the Icelandic Covered Bond Act;

**Currency Swap Agreement** means the ISDA Master Agreement, schedule, credit support annex (if applicable) and confirmation(s) (as amended and supplemented from time to time) relating to the Currency Swap(s) entered into from time to time between the Issuer and each Currency Swap Provider;

**Currency Swap Provider** means any reference or actual (as the context requires) third party counterparty;

**Currency Swap** means each currency swap which enables the Issuer to hedge currency risks arising from (a) Covered Bonds which are issued in currencies other than ISK and (b) if required, assets (other than Mortgage Bonds) which are registered to the Cover Pool and are denominated in ISK;

**Indexed Currency Swap Agreement** means the ISDA Master Agreement, schedule and confirmation(s) (as amended and supplemented from time to time) relating to the Indexed Currency Swap(s) entered into from time to time between the Issuer and each Indexed Currency Swap Provider;

**Indexed Currency Swap Provider** means the third party counterparties in their respective capacities as indexed currency swap provider under an Indexed Currency Swap Agreement;

**Indexed Currency Swap** means each currency swap which enables the Issuer to hedge currency and inflation risks arising from (a) Covered Bonds which are issued in currencies other than ISK and not indexed linked and (b) assets which are registered to the Cover Pool and are denominated in ISK and indexed linked;

**Interest Rate Swap Agreement** means the ISDA Master Agreement, schedule and confirmation(s) (as amended and supplemented from time to time) relating to the Interest Rate Swap(s) entered into from time to time between the Issuer and each Interest Rate Swap Provider;

**Interest Rate Swap Provider** means the third party counterparties in their respective capacities as interest rate swap provider under an Interest Rate Swap Agreement;

**Interest Rate Swap** means each single currency interest rate swap which enables the Issuer to hedge the Issuer's interest rate risks in ISK and/or other currencies to the extent that they have not been hedged by the Cover Pool Swap or a Currency Swap;

**Rating Agency** means any rating agency engaged by the Issuer to assign a rating to a Series of Covered Bonds including any successor to any such rating agency's rating business, and **Rating Agencies** shall be construed accordingly.

**records** of Euroclear, Clearstream, Luxembourg and the CSD means the records that each of Euroclear, Clearstream, Luxembourg and the CSD holds for its customers which reflect the amount of such customer's interest in the Covered Bonds;

**Register** has the meaning given to it in the Icelandic Covered Bond Act;

**Relevant Percentage** means, from time to time, the proportion which the outstanding principal amount of the relevant Series of Covered Bonds bears to the aggregate of the outstanding principal amounts of all series of Covered Bonds outstanding; and

**Swap Providers** means the Cover Pool Swap Provider, each Currency Swap Provider, each Interest Rate Swap Provider and each Indexed Currency Swap Provider.

### SCHEDULE 3

#### FORM OF DEED OF COVENANT

##### DEED OF COVENANT

**THIS DEED OF COVENANT** is made on [●] by **ARION BANK HF**. (the **Issuer**) in favour of the account holders or participants specified below of Clearstream Banking, SA (**Clearstream, Luxembourg**), Euroclear Bank SA/NV (**Euroclear**) and/or any other additional clearing system or systems as is specified in the Final Terms relating to any Covered Bond (as defined below) (each a **Clearing System**).

##### WHEREAS:

- (A) The Issuer has entered into a Programme Agreement (the **Programme Agreement**, which expression includes the same as it may be amended, supplemented, novated and/or restated from time to time) dated 10 February 2012 with the Dealers named in it under which the Issuer proposes from time to time to issue Covered Bonds (the **Covered Bonds**).
- (B) The Issuer has entered into an Agency Agreement (the **Agency Agreement**, which expression includes the same as it may be further amended, supplemented, novated and/or restated from time to time) dated 10 February 2012 between, *inter alios*, the Issuer and The Bank of New York Mellon, London Branch (the **Fiscal Agent**).
- (C) The Covered Bonds will initially be represented by, and comprised in, Global Covered Bonds, in each case representing a certain number of underlying Covered Bonds (the **Underlying Covered Bonds**).
- (D) Each Global Covered Bond may, after issue, be deposited with a depository for one or more Clearing Systems (together, the **Relevant Clearing System**). Upon any deposit of a Global Covered Bond the Underlying Covered Bonds represented by the Global Covered Bond will be credited to a securities account or securities accounts with the Relevant Clearing System. Any account holder with the Relevant Clearing System which has Underlying Covered Bonds credited to its securities account from time to time (each a **Relevant Account Holder**) will, subject to and in accordance with the terms and conditions and operating procedures or management regulations of the Relevant Clearing System, be entitled to transfer the Underlying Covered Bonds and (subject to and upon payment being made by the Issuer to the bearer in accordance with the terms of the relevant Global Covered Bond) will be entitled to receive payments from the Relevant Clearing System calculated by reference to the Underlying Covered Bonds credited to its securities account.
- (E) In certain circumstances specified in each Global Covered Bond, a Global Covered Bond will become void. The time at which a Global Covered Bond becomes void is referred to as the **Relevant Time**. In those circumstances each Relevant Account Holder will, subject to and in accordance with the terms of this Deed, acquire against the Issuer all those rights which the Relevant Account Holder would have had if, prior to the Global Covered Bond becoming void, duly executed and authenticated Definitive Covered Bonds had been issued in respect of its Underlying Covered Bonds and those Definitive Covered Bonds were held and beneficially owned by the Relevant Account Holder.

##### NOW THIS DEED WITNESSES AS FOLLOWS:

1. Unless otherwise defined in this Deed or the context requires otherwise, words and expressions used in this Deed have the meanings and constructions ascribed to them in the Agency Agreement.

In this Deed:

**ACT Assets Amount** has the meaning given to it in Clause 10.1 below;

**ACT Liabilities Amount** has the meaning given to it in Clause 10.1 below;

**Asset Coverage Test** has the meaning given to it in Clause 10.1 below;

**Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London;

**Collateral Reserve Account** has the meaning given to it Clause 8.1 below;

**Collateral Reserve Account Required Amount** means, in respect of all Series of non-ISK Covered Bonds, an amount (as set out in the collateralisation requirements described in “Moody’s Approach to Assessing Counterparty Risks in Structured Finance” as published on 28 June 2022 (“**Moody’s Criteria**”)) commensurate with the collateral posting amounts that a Currency Swap Provider, which is subject to the collateral posting requirements in accordance with the Moody’s Criteria that it would have been required to maintain in respect of a cross-currency hedge transaction, that is not a cap, floor or swaption transaction, which applies the Moody’s original collateral provisions as if the Collateral Trigger Requirements (as defined in the Relevant Reference Currency Swap Agreement) applied to the Currency Swap Provider in accordance with the terms of the relevant credit support annex(es) forming part of an agreement in the form of the Relevant Reference Currency Swap Agreement(s) if it had entered into such agreement(s) with the Issuer in connection with the relevant Series of Covered Bonds (or such other lower amount as agreed with Moody’s that is required to maintain the then current rating of the relevant Series of Covered Bonds);

**Cover Pool** means the pool of eligible assets recorded in the Register maintained by the Issuer in accordance with the Icelandic Covered Bond Act;

**Cover Pool Value** has the meaning given to it in Clause 10.1 below;

**Cover Pool Revenue** has the meaning given to it in Clause 11.3 below;

**Currency Swap Agreement** means the ISDA Master Agreement, schedule, credit support annex (if applicable) and confirmation(s) (as amended and supplemented from time to time) relating to the Currency Swap(s) entered into from time to time between the Issuer and each Currency Swap Provider;

**Currency Swap Provider** means any reference or actual (as the context requires) third party counterparty;

**Currency Swap** means a currency swap which enables the Issuer to hedge currency risks arising from (a) Covered Bonds which are issued in currencies other than ISK and (b) if required, assets (other than bonds as defined in Article 2 of the Icelandic Covered Bond Act which are issued by borrowers and as described in Article 5 of the Icelandic Covered Bond Act) which are registered to the Cover Pool and are denominated in ISK;

**Deposit Set-off Amount** means in respect of a Series of Covered Bonds assigned a rating by Moody’s (i) nil if the Issuer’s counterparty risk assessment rating assigned by Moody’s is at least ‘Baa3 (cr)’ or above, or (ii) if (i) is not applicable, the "Potential Set-Off Amount" calculated pursuant to the relevant Moody’s rating methodology.

**Eligible Institution** means in respect of a Series of Covered Bonds rated by Moody’s, any bank whose counterparty risk assessment rating is at least ‘Baa3 (cr)’ by Moody’s (or such other rating as may be agreed by Moody’s).

**Eligible Swap Collateral Account Bank** in respect of a Series of Covered Bonds rated by Moody's, any bank whose long term deposit rating is at least 'A3' by Moody's (or such other rating as may be agreed by Moody's);

**Eligible Collateral Reserve Account Bank** in respect of a Series of Covered Bonds rated by Moody's, any bank whose long term deposit rating is at least 'A3' by Moody's (or such other rating as may be agreed by Moody's);

**Issuer Accounts** means the Transaction Account and the Liquidity Buffer Account and **Issuer Account** means any of them;

**Issuer Rating** means the Issuer's long-term issuer credit rating assigned by, as the context requires, Moody's or such other Rating Agency;

**Issuer Required Rating** means in respect of a Series of Covered Bonds rated by Moody's, the counterparty risk assessment rating from Moody's ("**CR Assessment**") of the Issuer is 'Baa3 (cr)' or above by Moody's or if there's no CR Assessment then the Issuer's long-term, unsecured and unsubordinated debt or counterparty obligations are rated 'Baa3' or above;

**Liquidity Buffer Account** has the meaning given to it in Clause 11.1 below;

**Monthly Calculation Date** means the last Business Day of each month;

**Moody's** means Moody's Investors Service Ltd or any successor to its rating business;

**Rating Agency** means any rating agency engaged by the Issuer to assign a rating to a Series of Covered Bonds including any successor to any such rating agency's rating business, and **Rating Agencies** shall be construed accordingly;

**Register** has the meaning given to it in the Icelandic Covered Bond Act;

**Relevant Reference Currency Swap Agreement** means, in relation to a Series of Covered Bonds which are denominated in a currency other than ISK, an agreement in the form of an ISDA 2002 Master Agreement including the Schedule and Credit Support Annex thereto, together with the relevant form of currency swap confirmation for a Currency Swap, in each case in the form annexed to the applicable Series Deed of Covenant;

**Series Deed of Covenant** means a deed of covenant prepared in relation to a particular Series of Covered Bonds including the applicable form of Relevant Reference Currency Swap Agreement and **applicable Series Deed of Covenant** shall mean the Series Deed of Covenant applicable to the relevant particular Series of Covered Bonds;

**Swap Collateral Account** has the meaning given to it in Clause 11.2;

**Swap Collateral Account Bank** means the bank that maintains any collateral posting amounts required to be maintained by the Currency Swap Provider, in accordance with the relevant credit support annex(es) forming part of an agreement in the form of the Relevant Reference Currency Swap Agreement(s);

**Third Party Expenses** means any fees or expenses necessary to ensure the continued uninterrupted maintenance of the Cover Pool and timely payments to the Covered Bondholders including amounts payable to any Agent, any Calculation Agent, the Independent Inspector, any Eligible Institution, the Cover Pool Swap Provider and the Currency Swap Providers, if any, and any other creditor of the Issuer pursuant to any agreement entered into in the course of the Programme; and



**Transaction Account** has the meaning given to it in Clause 11.1 below.

**2. Applicability**

- 2.0 This Deed shall apply to all Covered Bonds issued on or after the date hereof and all references herein to a Covered Bond, a Global Covered Bond or an Underlying Covered Bond shall be construed accordingly.
- 2.1 This Deed shall not apply to the Covered Bonds issued prior to the date hereof and such Covered Bonds remain subject to the respective deed of covenant those Covered Bonds are issued under save for Clauses 8, 11 and 12 of this Deed of Covenant shall also apply in respect of the Series 2021-1 (ISIN: XS2391348740) and Series 2021-2 (ISIN: XS2500208991) Covered Bonds that have been issued by the Issuer prior to the date of this Deed of Covenant.
3. If any Global Covered Bond becomes void in accordance with its terms the Issuer covenants with each Relevant Account Holder (other than any Relevant Account Holder which is an account holder of any other Relevant Clearing System) that each Relevant Account Holder shall automatically acquire at the Relevant Time, without the need for any further action on behalf of any person, against the Issuer all those rights which the Relevant Account Holder would have had if at the Relevant Time it held and beneficially owned executed and authenticated Definitive Covered Bonds in respect of each Underlying Covered Bond represented by the Global Covered Bond which the Relevant Account Holder has credited to its securities account with the Relevant Clearing System at the Relevant Time.

The Issuer's obligation under this Clause 3 shall be a separate and independent obligation by reference to each Underlying Covered Bond which a Relevant Account Holder has credited to its securities account with the Relevant Clearing System and the Issuer agrees that a Relevant Account Holder may assign its rights under this Deed in whole or in part.

4. The records of the Relevant Clearing System shall be conclusive evidence of the identity of the Relevant Account Holders and the number of Underlying Covered Bonds credited to the securities account of each Relevant Account Holder. For these purposes a statement issued by the Relevant Clearing System stating:
- (a) the name of the Relevant Account Holder to which the statement is issued; and
  - (b) the aggregate nominal amount of Underlying Covered Bonds credited to the securities account of the Relevant Account Holder as at the opening of business on the first day following the Relevant Time on which the Relevant Clearing System is open for business,
- shall be conclusive evidence of the records of the Relevant Clearing System at the Relevant Time.
5. In the event of a dispute, the determination of the Relevant Time by the Relevant Clearing System shall (in the absence of manifest error) be final and conclusive for all purposes in connection with the Relevant Account Holders with securities accounts with the Relevant Clearing System.

6. All payments of principal and interest in respect of the Underlying Covered Bonds by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties or governmental charges of whatever nature imposed or levied by (i) or on behalf of the Republic of Iceland (**Iceland**) or any political subdivision or any authority thereof or therein having power to tax, or (ii) pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof, unless such withholding or deduction is required by law (including pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code and any regulations

or agreements thereunder or official interpretations thereof). In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Relevant Account Holders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of their Underlying Covered Bonds in the absence of such withholding or deduction; except that no such additional amounts shall be payable:

- (a) with respect to any Underlying Covered Bond of a Relevant Account Holder who is liable for such taxes or duties in respect of such Underlying Covered Bond by reason of his having some connection with Iceland other than the mere holding of such Underlying Covered Bond;
- (b) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive;
- (c) where such withholding or deduction is required to be made based on provisions of the Act on Withholding of Public Levies at Source No 45/1987, as amended, the Act on Withholding of Tax on Financial Income No 94/1996, as amended, and Article 3 of the Income Tax Act no. 90/2003 (**ITA**) and any other legislation, laws or regulations, replacing or supplementing the same; or
- (d) where such withholding or deduction is required by reason of the failure by any person other than the Issuer or an Agent to claim or perfect an exemption from any withholding or deduction (including, for the avoidance of doubt, as a result of any payment being made through an intermediary other than an Agent that is subject to withholding or deductions pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof).

7. The Issuer will pay any stamp and other duties and taxes, including interest and penalties, payable on or in connection with the execution of this Deed and any action taken by any Relevant Account Holder to enforce the provisions of this Deed.

## **8. Relevant Reference Currency Swaps**

8.1 In connection with an issuance of each Series of Covered Bonds denominated in a currency other than ISK and assigned a rating by a Rating Agency, in circumstances where the Issuer does not maintain a counterparty risk assessment rating of at least 'Baa1 (cr)' by Moody's at any time when a Series of Covered Bonds rated by Moody's is outstanding and the Issuer does not otherwise enter into a Currency Swap in connection with such issuance, the Issuer covenants to establish on or before the Issue Date of such Series and maintain and update (to the extent required) on a weekly basis in its books, subject to Clause 11.2 below, an account (a **Collateral Reserve Account**). All amounts of cash and, if applicable, securities standing to the credit of the relevant Collateral Reserve Account will be denominated in the relevant currency and registered and updated (to the extent required) on a weekly basis in the Register so as to form part of the Cover Pool.

8.2 The Issuer shall within one Business Day of a relevant issuance and thereafter on a weekly basis (to the extent a Currency Swap Provider, which is subject to the collateral posting requirements in accordance with the Moody's Criteria would have been required to in accordance with the terms of the relevant credit support annex(es) forming part of an agreement in the form of the Relevant Reference Currency Swap Agreement(s), as if the Collateral Trigger Requirements (as defined in the Relevant Reference Currency Swap Agreement) applied to the Currency Swap Provider, if it had entered into such agreement(s) with the Issuer in connection with the relevant Series of Covered

Bonds) credit and/or debit cash or securities to or from the relevant Collateral Reserve Account in accordance with Clause 8.3 below.

- 8.3 The amount of cash or securities required to be maintained in the relevant Collateral Reserve Account in connection with the issuance of a Series of Covered Bonds will be at least equal to the Collateral Reserve Account Required Amount.
- 8.4 In the event of the Issuer ceasing to hold the relevant Issuer Required Rating, the Issuer shall use commercially reasonable endeavours to enter into a Currency Swap Agreement for each Series of Covered Bonds substantially in the form of the Relevant Reference Currency Swap Agreement (together with such amendments as may be agreed by the Issuer) with an eligible Currency Swap Provider within 30 days of the Issuer ceasing to hold the relevant Issuer Required Rating and may use amounts standing to the credit of the relevant Collateral Reserve Account to enter into such Currency Swap to exchange receipts from the assets comprising the Cover Pool payable in ISK and the currency of the relevant Series of Covered Bonds. For the purposes of this Clause 8, “eligible Currency Swap Provider” means such Currency Swap Provider whose rating is capable of supporting the then current rating by the relevant Rating Agency of the relevant issuance of Covered Bonds and whose rating is in accordance with the provisions of the Icelandic Covered Bond Act.
- 8.5 Where a Currency Swap Agreement is entered into between the Issuer and an eligible Currency Swap Provider, such Currency Swap Agreement shall be registered in the Register so as to form part of the Cover Pool and the requirement to maintain the relevant Collateral Reserve Account by the Issuer pursuant to Clause 8.1 above shall cease with respect to the relevant Series of Covered Bonds.
- 8.6 Where a Currency Swap Agreement is entered into between the Issuer and an eligible Currency Swap Provider, any collateral posting amounts required to be posted by the Currency Swap Provider, which is subject to the collateral trigger requirements in accordance with the Moody’s Criteria, shall be maintained at an Eligible Swap Collateral Account Bank. If the Swap Collateral Account Bank ceases to be an Eligible Swap Collateral Account Bank, the Issuer shall within 90 calendar days (or such longer period as may be agreed by Moody’s) following the first Business Day on which the Swap Collateral Account Bank ceases to be an Eligible Swap Collateral Account Bank, transfer the collateral posting amounts to an Eligible Swap Collateral Account Bank.
- 8.7 In the event that the Issuer is unable to enter into a Currency Swap with an eligible Currency Swap Provider in accordance with Clause 8.4 the requirements of Clauses 8.1 to 8.3 shall continue to apply and amounts standing to the credit of the relevant Collateral Reserve Account from time to time will remain registered in the Register so as to form part of the Cover Pool and will, if applicable, be transferred to a corresponding Swap Collateral Account established in accordance with the Issuer's obligations set out in Clause 11.1 below.
- 8.8 The Issuer shall use reasonable endeavours to ensure that any Currency Swap Agreement entered into pursuant to Clause 8.4 includes a subordinated swap termination payment provision, such that any Early Termination Amount due and payable by the Issuer to the relevant Currency Swap Provider under the relevant Currency Swap Agreement following the occurrence of (i) an Event of Default or a Termination Event in respect of a Tax Event upon Merger where the Currency Swap Provider is the Defaulting Party or the sole Affected Party, respectively, or (ii) an Additional Termination Event in respect of the Currency Swap Provider following a ratings downgrade of such Currency Swap Provider shall be subordinated to all other amounts payable in respect of the relevant Series of Covered Bonds.
- 8.9 The obligations of the Issuer to post collateral under Clauses 8.1 to 8.3 (inclusive) above shall not apply:
- (i) if there are no non-ISK Series of Covered Bonds remain outstanding; or

- (ii) during such time that the Issuer maintains a counterparty risk assessment rating of at least 'Baa1 (cr)' by Moody's at any time when a Series of Covered Bonds rated by Moody's is outstanding; or
- (iii) if such obligations are not required to maintain the then current rating of the relevant Series of Covered Bonds.

8.10 The obligations of the Issuer to enter into a Currency Swap Agreement under Clauses 8.4, 8.5, 8.7 and 8.8 (inclusive) above shall not apply:

- (i) if there are no non-ISK Series of Covered Bonds remain outstanding; or
- (ii) during such time that the Issuer maintains a counterparty risk assessment rating of at least 'Baa3 (cr)' by Moody's at any time when a Series of Covered Bonds rated by Moody's is outstanding; or
- (iii) if such obligations are not required to maintain the then current rating of the relevant Series of Covered Bonds.

9. **[RESERVED]**

**10. Asset Coverage Test**

10.1 On each Monthly Calculation Date, the Issuer shall determine whether the then total value, without double counting, of:

- (a) the assets comprising the Cover Pool (including any amounts comprising the liquidity buffer required to be maintained in accordance with the Icelandic Covered Bond Act) (the **Cover Pool Value**) (calculated in accordance with the Icelandic Covered Bond Act);
- (b) any amounts standing to the credit of the Collateral Reserve Account or the Swap Collateral Account; and
- (c) any cash amounts or securities in any Issuer Account,

(such total value amount being the **ACT Assets Amount**) exceeds the then total value of:

- (c) the Principal Amount Outstanding of all Series of Covered Bonds, together with all accrued interest thereon (provided that for the purpose of calculating such amounts in respect of any Series of Covered Bonds denominated in a currency other than ISK, the Principal Amount Outstanding (and such accrued interest) shall be calculated according to (i) the relevant prevailing spot exchange rate (as determined by the Issuer) on the relevant Monthly Calculation Date or (ii) if a Currency Swap has been entered into in respect of such Series of Covered Bonds, the relevant rate under that Currency Swap);
- (d) any other payment obligations that must be paid from the Cover Pool in accordance with the Icelandic Covered Bond Act during the period to and including the next following Monthly Calculation Date; and
- (e) the Deposit Set-off Amount,

(such total value amount being the **ACT Liabilities Amount**) provided that if on such Monthly Calculation Date the ACT Assets Amount does not exceed the ACT Liabilities Amount (such determination, the **Asset Coverage Test**) the Asset Coverage Test shall be deemed to have been breached for the purpose of Clause 10.2 below.

- 10.2 In the event of a breach of the Asset Coverage Test on a Monthly Calculation Date, the Issuer shall use reasonable endeavours to allocate sufficient additional assets to the Cover Pool and register such assets in the Register in an aggregate amount sufficient to ensure that the Asset Coverage Test is met on the next following Monthly Calculation Date.
- 10.3 In calculating the Cover Pool Value, subject to the provisions of Clause 10.1(c) above, the value of any non-ISK denominated assets comprising the Cover Pool shall be converted into ISK on the basis of the exchange rate published by the Central Bank of Iceland as at such Monthly Calculation Date.
- 11. Establishment of Issuer Accounts**
- 11.1 If the Issuer ceases to be an Eligible Institution, the Issuer shall within 90 calendar days (or such longer period as may be agreed by Moody's) following the first Business Day on which it ceases to be an Eligible Institution, establish one or more of the following bank accounts in its name with an Eligible Institution:
- (a) a transaction account denominated in ISK (the **Transaction Account**); and
  - (b) any liquidity reserve account required under the Icelandic Covered Bond Act into which the requirement of the liquidity buffer in cash or cash equivalent will be deposited (the **Liquidity Buffer Account** and together with the Transaction Account the **Issuer Accounts**).
- 11.2 If the Issuer is required to post collateral under Clause 8.1 above and the Issuer ceases to be an Eligible Collateral Reserve Account Bank, the Issuer shall within 90 calendar days (or such longer period as may be agreed by Moody's) following the first Business Day on which it ceases to be an Eligible Collateral Reserve Account Bank, establish cash and securities accounts denominated in the relevant currency in respect of each relevant Series of Covered Bonds (each such account, a **Swap Collateral Account**).
- 11.3 Following the establishment of the Issuer Accounts in accordance with Clause 11.1 above, the Issuer shall:
- (c) transfer all payments received from the Cover Pool (**Cover Pool Revenue**) to the Transaction Account within 3 Business Days of receipt by the Issuer (any such amounts being capable of being withdrawn from such account either to discharge the obligations of the Issuer under the Covered Bonds or otherwise used by the Issuer as it considers appropriate and shall only be so withdrawn if (A) to do so would not breach the Icelandic Covered Bond Act, (B) on the subsequent Monthly Calculation Date the amounts so withdrawn would not, in the Issuer's opinion, be required to enable the Asset Coverage Test to be complied with and (C) the Issuer is not otherwise in breach of its obligations under the Deed of Covenant or the Terms and Conditions of the Covered Bonds then outstanding);
  - (d) provide, or procure the provision of, servicing, administration and cash management services with respect to the Cover Pool Revenue and the operation of the Issuer Accounts;
  - (e) create security over each Issuer Account for the benefit of the Covered Bondholders; and
  - (f) take all necessary steps to register the Issuer Accounts and the amounts standing to the credit of the Issuer Accounts in the Register.
- 11.4 Following the establishment of a Swap Collateral Account in accordance with Clause 11.2 above, the Issuer shall:

- (g) where the Issuer is required to post collateral under Clause 8.1 above and where the Issuer ceases to be an Eligible Collateral Reserve Account Bank as set out in Clause 11.2 above, transfer all amounts standing to the credit of any Collateral Reserve Account to the relevant Swap Collateral Account and thereafter on a weekly basis (to the extent required) credit and/or debit cash or securities to or from the Swap Collateral Account in accordance with Clause 8.3 above and continue to maintain and update (to the extent required) on a weekly basis thereafter, a record of such amounts on the relevant Collateral Reserve Account;
  - (h) provide, or procure the provision of, servicing, administration and cash management services with respect to the Cover Pool Revenue and the operation of the Swap Collateral Account;
  - (i) create security over the Swap Collateral Account for the benefit of the Covered Bondholders; and
  - (j) take all necessary steps to register the Swap Collateral Account and the amounts standing to the credit of the Swap Collateral Account in the Register.
- 11.5 In the event that any Eligible Institution appointed pursuant to Clause 11.1 above ceases to be an Eligible Institution, the Issuer will be obliged to transfer the relevant Issuer Account to an Eligible Institution.
- 11.6 In the event that any Eligible Collateral Reserve Account Bank appointed pursuant to Clause 11.2 above ceases to be an Eligible Collateral Reserve Account Bank, the Issuer will be obliged to transfer the Swap Collateral Account to an Eligible Collateral Reserve Account Bank.
- 11.7 The obligations of the Issuer under Clauses 11.1, 11.3 and 11.5 shall not apply:
- (i) if there are no non-ISK Series of Covered Bonds remain outstanding; or
  - (ii) during such time that the Issuer maintains a counterparty risk assessment rating of at least 'Baa3 (cr)' by Moody's at any time when a Series of Covered Bonds rated by Moody's is outstanding; or
  - (iii) if such obligations are not required to maintain the then current rating of the relevant Series of Covered Bonds.
- 11.8 The obligations of the Issuer under Clauses 11.2, 11.4 and 11.6 shall not apply:
- (i) if there are no non-ISK Series of Covered Bonds remain outstanding; or
  - (ii) during such time that the Issuer maintains a long term deposit rating of at least 'A3' by Moody's at any time when a Series of Covered Bonds rated by Moody's is outstanding; or
  - (iii) if such obligations are not required to maintain the then current rating of the relevant Series of Covered Bonds.
12. **Obligations of the Issuer**
- 12.10 Any failure by the Issuer to comply with the obligations under Clauses 8 (*Relevant Reference Currency Swaps*), 10 (*Asset Coverage Test*) and 11 (*Establishment of Issuer Accounts*) will not result in any events of default relating to the Issuer, accordingly payments under the Covered Bonds will not be accelerated in such circumstances and any such failure by the Issuer to comply with these obligations will not entitle Covered Bondholders to accelerate the Covered Bonds.

- 12.11 Any failure by the Issuer to comply with the obligations under Clauses 8 (*Relevant Reference Currency Swaps*), 10 (*Asset Coverage Test*) and 11 (*Establishment of Issuer Accounts*) will result in the Issuer not being able to issue further Covered Bonds whilst such failure is continuing. For the avoidance of doubt, the Issuer will be able to continue issuing Covered Bonds denominated in ISK.
13. The Issuer may amend the provisions of this Deed to accommodate the substitution of a Rating Agency provided that the relevant modifications are required to accommodate equivalent or higher rating criteria of the replacement Rating Agency. In such case, the related ratings requirements specified by and/or relating to such Rating Agency to be substituted shall be amended to refer to the respective ratings requirements of the replacement Rating Agency.
14. The Issuer represents, warrants and undertakes with each Relevant Account Holder that it has all corporate power, and has taken all necessary corporate or other steps, to enable it to execute, deliver and perform this Deed, and that this Deed constitutes a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms subject to the laws of bankruptcy and other laws affecting the rights of creditors generally.
15. This Deed shall take effect as a Deed Poll for the benefit of the Relevant Account Holders from time to time. This Deed shall be deposited with and held by the common depositary or common safekeeper for Euroclear and Clearstream, Luxembourg until all the obligations of the Issuer under this Deed have been discharged in full.
16. The Issuer acknowledges the right of every Relevant Account Holder to the production of, and the right of every Relevant Account Holder to obtain (upon payment of a reasonable charge) a copy of, this Deed, and further acknowledges and covenants that the obligations binding upon it contained in this Deed are owed to, and shall be for the account of, each and every Relevant Account Holder, and that each Relevant Account Holder shall be entitled severally to enforce those obligations against the Issuer.
17. This Deed and any non-contractual obligations arising out of or in connection with this Deed are governed by, and shall be construed in accordance with, the laws of England.

The Issuer irrevocably agrees, for the exclusive benefit of the Relevant Account Holders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this Deed (including any non-contractual obligations which may arise out of or in connection with this Deed) and that accordingly any suit, action or proceedings (together referred to as **Proceedings**) arising out of or in connection with this Deed (including any Proceedings relating to non-contractual obligations arising out of or in connection with this Deed) may be brought in such courts.

The Issuer irrevocably waives any objection which it may have to the laying of the venue of any Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and further irrevocably agrees that a judgment in any Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction. Nothing contained in this Clause 16 shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

The Issuer appoints Law Debenture Corporate Services Limited at its registered office at 8th Floor 100 Bishopsgate, London EC2N 4AG as its agent for service of process, and undertakes that, in the event of Law Debenture Corporate Services Limited ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of

any Proceedings. Nothing in this Clause 16 shall affect the right to serve process in any other manner permitted by law.

The Issuer irrevocably and unconditionally waives with respect to this Deed any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

**IN WITNESS** whereof the Issuer has caused this Deed to be duly executed the day and year first above-mentioned.



**EXECUTED as a DEED** )  
by **ARION BANK HF.** )  
acting by )  
acting on the authority )  
of that company )  
in the presence of: )

Witness:

Name:

Address:

**SCHEDULE 4**

**FORM OF PUT NOTICE**

**ARION BANK HF.**

*[title of relevant Series of Covered Bonds]*

By depositing this duly completed Notice with the Registrar (in the case of Registered Covered Bonds) or any Paying Agent (in the case of Bearer Covered Bonds) for the above Series of Covered Bonds (the **Covered Bonds**) the undersigned holder of the Covered Bonds surrendered with this Notice and referred to below irrevocably exercises its option to have [the full/ ]<sup>(1)</sup> nominal amount of the Covered Bonds redeemed in accordance with Condition 8.6 (Redemption at the Option of the Covered Bondholders (Investor Put)) on [redemption date].

This Notice relates to Covered Bonds in the aggregate nominal amount of ..... bearing the following serial numbers:

.....

If the Covered Bonds or a new Registered Covered Bond in respect of the balance of the Covered Bonds referred to above are to be returned or delivered (as the case may be)<sup>(2)</sup> to the undersigned under Clause [13.4] of the Agency Agreement, they should be returned or delivered (as the case may be) by uninsured post to:

.....

**Payment Instructions**

Please make payment in respect of the above-mentioned Covered Bonds by [cheque posted to the above address/transfer to the following bank account]<sup>(1)</sup>:

Bank: ..... Branch Address: .....

Branch Code: ..... Account Number: .....

Signature of holder: .....

*[To be completed by recipient Paying Agent]*

Details of missing unmatured Coupons .....<sup>(3)</sup>

Received by: .....

.....*[Signature and stamp of Registrar/Paying Agent]*

At its office at: ..... On: .....

**COVERED BONDS:**

- (1) Complete as appropriate.
- (2) The Agency Agreement provides that Covered Bonds so returned or delivered (as the case may be) will be sent by post, uninsured and at the risk of the Covered Bond Holder, unless the Covered Bond Holder otherwise requests and pays the costs of such insurance to the relevant Registrar or the relevant Paying Agent at the time of depositing the Covered Bond referred to above.
- (3) Only relevant for Fixed Rate Covered Bonds (which are not also Inflation Linked Covered Bonds or Long Maturity Covered Bonds) in definitive form.

**N.B. The Registrar, or as the case may be, Paying Agent with whom the above-mentioned Covered Bonds are deposited will not in any circumstances be liable to the depositing Covered Bond Holder or any other person for any loss or damage arising from any act, default or omission of such Registrar or Paying Agent in relation to the said Covered Bonds or any of them unless such loss or damage was caused by the fraud or negligence of such Registrar or Paying Agent or its directors, officers or employees.**

This Put Notice is not valid unless all of the paragraphs requiring completion are duly completed. Once validly given this Put Notice is irrevocable except in the circumstances set out in Clause 13.4 of the Agency Agreement.

## SCHEDULE 5

### PROVISIONS FOR MEETINGS OF COVERED BONDHOLDERS

#### 1. DEFINITIONS

As used in this Schedule 5 the following expressions shall have the following meanings unless the context otherwise requires:

**voting certificate** means an English language certificate issued by a Paying Agent and dated in which it is stated that the bearer of the voting certificate is entitled to attend and vote at the meeting and any adjourned meeting in respect of the Covered Bonds represented by the certificate;

**block voting instruction** means an English language document issued by a Paying Agent and dated which:

- (a) relates to a specified nominal amount of Covered Bonds and a meeting (or adjourned meeting) of the holders of the Series of which those Covered Bonds form part;
- (b) states that the Paying Agent has been instructed (either by the holders of the Covered Bonds or by a relevant clearing system) to attend the meeting and procure that the votes attributable to the Covered Bonds are cast at the meeting in accordance with the instructions given;
- (c) identifies with regard to each resolution to be proposed at the meeting the nominal amount of Covered Bonds in respect of which instructions have been given that the votes attributable to them should be cast in favour of the resolution and the nominal amount of Covered Bonds in respect of which instructions have been given that the votes attributable to them should be cast against the resolution; and
- (d) states that one or more named persons (each a **proxy**) is or are authorised and instructed by the Paying Agent to cast the votes attributable to the Covered Bonds identified in accordance with the instructions referred to in (c) above as set out in the block voting instruction.

References in this Schedule 5 to the **Covered Bonds** are to the Covered Bonds in respect of which the meeting is, or is proposed to be, convened.

a **relevant clearing system** means, in respect of any Covered Bonds represented by a Global Covered Bond, any clearing system on behalf of which the Global Covered Bond is held or which is the bearer or (directly or through a nominee) registered owner of the Global Covered Bond, in each case whether alone or jointly with any other clearing system(s);

**24 hours** means a period of 24 hours including all or part of a day on which banks are open for business both in the place where the meeting is to be held and in each of the places where the Paying Agents have their specified offices (disregarding for this purpose the day on which the meeting is to be held) and that period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included all or part of a day on which banks are open for business in all of the places where the Paying Agents have their specified offices; and

**48 hours** means a period of 48 hours including all or part of two days on which banks are open for business both in the place where the meeting is to be held and in each of the places where the Paying Agents have their specified offices (disregarding for this purpose the day on which the meeting is to be held) and that period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included all or part of two days on which banks are open for business in all of the places where the Paying Agents have their specified offices.

For the purposes of calculating a period of **clear days**, no account shall be taken of the day on which a period commences or the day on which a period ends.

## **2. EVIDENCE OF ENTITLEMENT TO ATTEND AND VOTE**

2.1 The following persons (each an **Eligible Person**) are entitled to attend and vote at a meeting of the holders of Covered Bonds:

- (a) a holder of any Covered Bonds in definitive bearer form;
- (b) a bearer of any voting certificate in respect of the Covered Bonds; and
- (c) a proxy specified in any block voting instruction.

A Covered Bondholder may require the issue by any Paying Agent of voting certificates and block voting instructions in accordance with the terms of Clauses 2.2 to 2.5 below.

For the purposes of Clauses 2.2 and 2.5 below, the Fiscal Agent or the Registrar, as the case may be, shall be entitled to rely, without further enquiry, on any information or instructions received from a relevant clearing system and shall have no liability to any Covered Bondholder or other person for any loss, damage, cost, claim or other liability caused by its reliance on those instructions, nor for any failure by a relevant clearing system to deliver information or instructions to the Fiscal Agent.

The holder of any voting certificate or the proxies named in any block voting instruction shall for all purposes in connection with the meeting or adjourned meeting be deemed to be the holder of the Covered Bonds to which the voting certificate or block voting instruction relates and the Paying Agent with which the Covered Bonds have been deposited or the person holding the Covered Bonds to the order or under the control of any Paying Agent shall be deemed for those purposes not to be the holder of those Covered Bonds.

### **2.2 Definitive Covered Bonds – voting certificate**

A holder of a Covered Bond in definitive form may obtain a voting certificate in respect of that Covered Bond from a Paying Agent (unless the Covered Bond is the subject of a block voting instruction which has been issued and is outstanding in respect of the meeting specified in the voting certificate or any adjourned meeting) subject to the holder procuring that the Covered Bond is deposited with the Paying Agent or (to the satisfaction of the Paying Agent) is held to its order or under its control or blocked in an account with a relevant clearing system upon terms that the Covered Bond will not cease to be deposited or held or blocked until the first to occur of:

- (a) the conclusion of the meeting specified in the voting certificate or, if later, of any adjourned meeting; and
- (b) the surrender of the voting certificate to the Paying Agent who issued it.

### **2.3 Global Covered Bonds – voting certificate**

A holder of a Covered Bond (not being a Covered Bond in respect of which instructions have been given to the Fiscal Agent in accordance with Clause 2.5) represented by a Global Covered Bond may procure the delivery of a voting certificate in respect of that Covered Bond by giving notice to the relevant clearing system specifying by name a person (an **Identified Person**) (which need not be the holder) to collect the voting certificate and attend and vote at the meeting. The voting certificate will be made available at or shortly before the start of the meeting by the Fiscal Agent against presentation by the Identified Person of the form of identification previously notified by the holder to the relevant clearing system. The relevant clearing system may prescribe forms of identification

(including, without limitation, passports) which it considers appropriate for these purposes. Subject to receipt by the Fiscal Agent from the relevant clearing system, no later than 24 hours before the time for which the meeting is convened, of notification of the nominal amount of the Covered Bonds to be represented by any voting certificate and the form of identification against presentation of which the voting certificate should be released, the Fiscal Agent shall, without any obligation to make further enquiry, make available voting certificates against presentation of forms of identification corresponding to those notified.

#### **2.4 Definitive Covered Bonds – block voting instruction**

A holder of a Covered Bond in definitive form may require a Paying Agent to issue a block voting instruction in respect of that Covered Bond (unless the Covered Bond is the subject of a voting certificate which has been issued and is outstanding in respect of the meeting specified in the block voting instruction or any adjourned meeting) by depositing the Covered Bond with the Paying Agent or (to the satisfaction of the Paying Agent) by:

- (a) procuring that, not less than 48 hours before the time fixed for the meeting, the Covered Bond is held to the Paying Agent's order or under its control or is blocked in an account with a relevant clearing system, in each case on terms that the Covered Bond will not cease to be so deposited or held or blocked until the first to occur of:
  - (i) the conclusion of the meeting specified in the block voting instruction or, if later, of any adjourned meeting; and
  - (ii) the surrender to the Paying Agent, not less than 48 hours before the time for which the meeting or any adjourned meeting is convened, of the receipt issued by the Paying Agent in respect of each deposited Covered Bond which is to be released or (as the case may require) the Covered Bond ceasing with the agreement of the Paying Agent to be held to its order or under its control or to be blocked and the giving of notice by the Paying Agent to the Issuer in accordance with Clause 2.5 of the necessary amendment to the block voting instruction; and
- (b) instructing the Paying Agent that the vote(s) attributable to each Covered Bond so deposited or held or blocked should be cast in a particular way in relation to the resolution or resolutions to be put to the meeting or any adjourned meeting and that the instruction is, during the period commencing 48 hours before the time for which the meeting or any adjourned meeting is convened and ending at the conclusion or adjournment of the meeting, neither revocable nor capable of amendment.

#### **2.5 Global Covered Bonds – block voting instruction**

- (a) A holder of a Covered Bond (not being a Covered Bond in respect of which a voting certificate has been issued) represented by a Global Covered Bond may require the Fiscal Agent to issue a block voting instruction in respect of the Covered Bond by first instructing the relevant clearing system to procure that the votes attributable to the holder's Covered Bond should be cast at the meeting in a particular way in relation to the resolution or resolutions to be put to the meeting. Any such instruction shall be given in accordance with the rules of the relevant clearing system then in effect. Subject to receipt by the Fiscal Agent, no later than 24 hours before the time for which the meeting is convened, of (i) instructions from the relevant clearing system, (ii) notification of the nominal amount of the Covered Bonds in respect of which instructions have been given and (iii) the manner in which the votes attributable to the Covered Bonds should be cast, the Fiscal Agent shall, without any obligation to make further enquiry, attend the meeting and cast votes in accordance with those instructions.

- (b) Each block voting instruction shall be deposited by the relevant Paying Agent at the place specified by the Fiscal Agent for the purpose not less than 24 hours before the time appointed for holding the meeting or adjourned meeting at which the proxies named in the block voting instruction propose to vote, and in default the block voting instruction shall not be treated as valid unless the Chair of the meeting decides otherwise before the meeting or adjourned meeting proceeds to business. A notarially certified copy of each block voting instruction shall (if so requested by the Issuer) be deposited with the Issuer before the start of the meeting or adjourned meeting but the Issuer shall not as a result be obliged to investigate or be concerned with the validity of or the authority of the proxies named in the block voting instruction.
- (c) Any vote given in accordance with the terms of a block voting instruction shall be valid notwithstanding the previous revocation or amendment of the block voting instruction or of any of the instructions of the relevant Covered Bondholder or the relevant clearing system (as the case may be) pursuant to which it was executed provided that no indication in writing of any revocation or amendment has been received from the relevant Paying Agent by the Issuer at its registered office by the time being 24 hours before the time appointed for holding the meeting or adjourned meeting at which the block voting instruction is to be used.

### **3. CONVENING OF MEETINGS, QUORUM, ADJOURNED MEETINGS**

- 3.1 The Issuer may at any time and, if required in writing by Covered Bondholders holding not less than 5% in nominal amount of the Covered Bonds for the time being outstanding, shall convene a meeting of the Covered Bondholders and if the Issuer fails for a period of seven days to convene the meeting the meeting may be convened by the relevant Covered Bondholders. Whenever the Issuer is about to convene any meeting it shall immediately give notice in writing to the Fiscal Agent and the Dealers of the day, time and place of the meeting (which need not be a physical place and instead may be by way of conference call, including by use of a videoconference platform, in whole or in part) and of the nature of the business to be transacted at the meeting.
- 3.2 At least 21 clear days' notice specifying the place, day and hour of the meeting shall be given to the Covered Bondholders in the manner provided in Condition 14 (Notices). The notice, which shall be in the English language, shall state generally the nature of the business to be transacted at the meeting and, in the case of an Extraordinary Resolution only, shall either (i) specify the terms of the Extraordinary Resolution to be proposed or (ii) inform Covered Bondholders that the terms of the Extraordinary Resolution are available free of charge from the Fiscal Agent, provided that, in the case of (ii), such resolution is so available in its final form with effect on and from the date on which the notice convening such meeting is given as aforesaid. The notice shall include statements as to the manner in which Covered Bondholders may arrange for voting certificates or block voting instructions to be issues and, if applicable, appoint proxies or representatives or (ii) inform Covered Bondholders that details of the voting arrangements are available free of charge from the Fiscal Agent, provided that, in the case of (ii) the final form of such details are so available with effect on and from the date on which the notice convening such meeting is given as aforesaid.
- 3.3 The person (who may but need not be a Covered Bondholder) nominated in writing by the Issuer shall be entitled to take the chair at each meeting but if no nomination is made or if at any meeting the person nominated is not present within fifteen minutes after the time appointed for holding the meeting the Covered Bondholders present shall choose one of their number to be Chair failing which the Issuer may appoint a Chair. The Chair of an adjourned meeting need not be the same person as was Chair of the meeting from which the adjournment took place.
- 3.4 At any meeting one or more Eligible Persons present and holding or representing in the aggregate not less than 5% in nominal amount of the Covered Bonds for the time being outstanding shall (except for the purpose of passing an Extraordinary Resolution) form a quorum for the transaction of business and no business (other than the choosing of a Chair) shall be transacted at any meeting

unless the required quorum is present at the commencement of business. The quorum at any meeting for passing an Extraordinary Resolution shall (subject as provided below) be one or more Eligible Persons present and holding or representing in the aggregate not less than 50% in nominal amount of the Covered Bonds for the time being outstanding provided that at any meeting the business of which includes any of the following matters (each of which shall only be capable of being effected after having been approved by Extraordinary Resolution):

- (a) modification of the Maturity Date (if any) of the Covered Bonds or reduction or cancellation of the nominal amount payable at maturity; or
- (b) reduction or cancellation of the amount payable or modification of the payment date in respect of any interest in respect of the Covered Bonds or variation of the method of calculating the rate of interest in respect of the Covered Bonds; or
- (c) reduction of any Minimum Interest Rate and/or Maximum Interest Rate specified in the applicable Final Terms; or
- (d) modification of the currency in which payments under the Covered Bonds are to be made; or
- (e) modification of the Deed of Covenant (except where otherwise permitted under clause 32 (Amendments) of the Agency Agreement and/or Condition 15 (Meetings of Covered Bondholders, Modification and Waiver)); or
- (f) modification of the majority required to pass an Extraordinary Resolution; or
- (g) the sanctioning of any scheme or proposal described in Clause 4.9(f); or
- (h) alteration of this proviso or the proviso to Clause 3.5 below,

the quorum shall be one or more Eligible Persons present and holding or representing in the aggregate not less than two-thirds in nominal amount of the Covered Bonds for the time being outstanding.

3.5 If within fifteen minutes (or such longer period not exceeding 30 minutes as the Chair may decide) after the time appointed for any meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the meeting shall if convened by Covered Bondholders be dissolved. In any other case it shall be adjourned to the same day in the next week (or if that day is a public holiday the next following business day) at the same time and place (except in the case of a meeting at which an Extraordinary Resolution is to be proposed in which case it shall be adjourned for a period being not less than 14 clear days nor more than 42 clear days and at a place appointed by the Chair and approved by the Issuer) If within 15 minutes (or a longer period not exceeding 30 minutes as the Chair may decide) after the time appointed for any adjourned meeting a quorum is not present for the transaction of any particular business, then, subject and without prejudice to the transaction of the business (if any) for which a quorum is present, the Chair shall dissolve the meeting.

3.6 At any adjourned meeting one or more Eligible Persons present (whatever the nominal amount of the Covered Bonds so held or represented by them) shall (subject as provided below) form a quorum and shall (subject as provided below) have power to pass any Extraordinary Resolution or other resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had the required quorum been present provided that at any adjourned meeting the business of which includes any of the matters specified in the proviso to Clause 3.4 the quorum shall be one or more Eligible Persons present and holding or representing in

the aggregate not less than one-third in nominal amount of the Covered Bonds for the time being outstanding.

- 3.7 Notice of any adjourned meeting at which an Extraordinary Resolution is to be submitted shall be given in the same manner as notice of an original meeting but as if 10 were substituted for 21 in Clause 3.2 and the notice shall state the relevant quorum. Subject to this it shall not be necessary to give any notice of an adjourned meeting.

#### 4. CONDUCT OF BUSINESS AT MEETINGS

- 4.1 Every question submitted to a meeting shall be decided in the first instance by a show of hands and in the case of an equality of votes the Chair shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) to which they may be entitled as an Eligible Person.
- 4.2 At any meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chair or the Issuer or by and Eligible Person present (whatever the nominal amount of the Covered Bonds so held by them), a declaration by the Chair that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
- 4.3 Subject to Clause 4.5, if at any meeting a poll is demanded it shall be taken in the manner and, subject as provided below, either at once or after an adjournment as the Chair may direct and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the motion on which the poll has been demanded.
- 4.4 The Chair may with the consent of (and shall if directed by) any meeting adjourn the meeting from time to time and from place to place. No business shall be transacted at any adjourned meeting except business which might lawfully (but for lack of required quorum) have been transacted at the meeting from which the adjournment took place.
- 4.5 Any poll demanded at any meeting on the election of a Chair or on any question of adjournment shall be taken at the meeting without adjournment.
- 4.6 Any director or officer of the Issuer and its lawyers and financial advisers may attend and speak at any meeting. Subject to this, but without prejudice to the proviso to the definition of **outstanding** in Clause 1.1 of this Agreement, no person shall be entitled to attend and speak nor shall any person be entitled to vote at any meeting of the Covered Bondholders or join with others in requiring the convening of a meeting unless they are an Eligible Person. No person shall be entitled to vote at any meeting in respect of Covered Bonds held by, for the benefit of, or on behalf of the Issuer or any subsidiary of the Issuer. Nothing contained in this paragraph shall prevent any of the proxies named in any block voting instruction from being a director, officer or representative of or otherwise connected with the Issuer.
- 4.7 Subject as provided in Clause 4.6 at any meeting:
- (a) on a show of hands every Eligible Person present shall have one vote; and
  - (b) on a poll Eligible Person present shall have one vote in respect of:



- (i) in the case of a meeting of the holders of Covered Bonds all of which are denominated in a single currency, each minimum integral amount of that currency; and
- (ii) in the case of a meeting of the holders of Covered Bonds denominated in more than one currency, each €1.00 or, in the case of a Covered Bond denominated in a currency other than Euros, the equivalent of €1.00 in that currency (calculated as specified in clause 4.14).

Without prejudice to the obligations of the proxies named in any block voting instruction any person entitled to more than one vote need not use all their votes or cast all the votes to which they are entitled in the same way.

4.8 The proxies named in any block voting instruction need not be Covered Bondholders.

4.9 A meeting of the Covered Bondholders shall in addition to the powers set out above have the following powers exercisable only by Extraordinary Resolution (subject to the provisions relating to quorum contained in Clauses 3.4 and 3.6), namely:

- (a) power to approve any compromise or arrangement proposed to be made between the Issuer and the Covered Bondholders, Receiptholders and Couponholders or any of them;
- (b) power to approve any abrogation, modification, compromise or arrangement in respect of the rights of the Covered Bondholders, Receiptholders and Couponholders against the Issuer or against any of its property whether these rights arise under this Agreement, the Covered Bonds, the Receipts or the Coupons or otherwise;
- (c) power to agree to any modification of the provisions contained in this Agreement or the Conditions, the Covered Bonds, the Receipts, the Coupons or the Deed of Covenant which is proposed by the Issuer (except where otherwise permitted under clause 32 (Amendments) of this Agreement and/or Condition 15 (Meetings of Covered Bondholders, Modification and Waiver));
- (d) power to give any authority or approval which under the provisions of this Schedule or the Covered Bonds is required to be given by Extraordinary Resolution;
- (e) power to appoint any persons (whether Covered Bondholders or not) as a committee or committees to represent the interests of the Covered Bondholders and to confer upon any committee or committees any powers or discretions which the Covered Bondholders could themselves exercise by Extraordinary Resolution;
- (f) power to approve any scheme or proposal for the exchange or sale of the Covered Bonds for, or the conversion of the Covered Bonds into, or the cancellation of the Covered Bonds in consideration of, shares, stock, covered bonds, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of shares, stock, covered bonds, bonds, debentures, debenture stock and/or other obligations and/or securities as stated above and partly for or into or in consideration of cash; and
- (g) power to approve the substitution of any entity in place of the Issuer (or any previous substitute) as the principal debtor in respect of the Covered Bonds, the Receipts and the Coupons.

4.10 Any resolution passed at a meeting of the Covered Bondholders duly convened and held in accordance with the provisions of this Schedule shall be binding upon all the Covered Bondholders

whether present or not present at the meeting and whether or not voting and upon all Couponholders and Receiptholders and each of them shall be bound to give effect to the resolution accordingly and the passing of any resolution shall be conclusive evidence that the circumstances justify its passing. Notice of the result of voting on any resolution duly considered by the Covered Bondholders shall be published in accordance with Condition 14 (Notices) by the Issuer within 14 days of the result being known provided that non-publication shall not invalidate the resolution.

- 4.11 The expression **Extraordinary Resolution** when used in this Schedule means (a) a resolution passed at a meeting of the Covered Bondholders duly convened and held in accordance with the provisions of this Schedule by a majority consisting of not less than 75% of the persons voting on the resolution upon a show of hands or if a poll was duly demanded, by a majority consisting of not less than 75% of the votes given on the poll or (b) a resolution in writing signed by or on behalf of all the Covered Bondholders, which resolution in writing may be contained in one document or in several documents in similar form each signed by or on behalf of one or more of the Covered Bondholders.
- 4.12 Minutes of all resolutions and proceedings at every meeting shall be made and duly entered in books to be from time to time provided for that purpose by the Issuer and any minutes signed by the Chair of the meeting at which any resolution was passed or proceedings had shall be conclusive evidence of the matters contained in them and until the contrary is proved every meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had at the meeting to have been duly passed or had.
- 4.13 [Subject to all other provisions contained in this Schedule the Principal Paying Agent may without the consent of the Issuer, the Covered Bondholders or the Couponholders prescribe any other regulations regarding the calling and/or the holding of meetings of Covered Bondholders and attendance and voting at them as the Principal Paying Agent may in its sole discretion think fit (including, without limitation, (i) the substitution for periods of 24 hours and 48 hours referred to in this Schedule of shorter periods and (ii) the holding of meetings by conference call, including by use of a videoconference platform, in whole or in part). Any regulations prescribed by the Principal Paying Agent may but need not reflect the practices and facilities of any relevant clearing system. Notice of any other regulations may be given to Covered Bondholders in accordance with Condition (Notices) and/or at the time of service of any notice convening a meeting.]
- 4.14 (a) If and whenever the Issuer has issued and has outstanding Covered Bonds of more than one Series the previous provisions of this Schedule shall have effect subject to the following changes:
- (i) a resolution which affects the Covered Bonds of only one Series shall be deemed to have been duly passed if passed at a separate meeting of the holders of the Covered Bonds of that Series;
  - (ii) a resolution which affects the Covered Bonds of more than one Series but does not give rise to a conflict of interest between the holders of Covered Bonds of any of the Series so affected shall be deemed to have been duly passed if passed at a single meeting of the holders of the Covered Bonds of all the Series so affected;
  - (iii) a resolution which affects the Covered Bonds of more than one Series
- and gives or may give rise to a conflict of interest between the holders of the Covered Bonds of one Series or group of Series so affected and the holders of the Covered Bonds of another Series or group of Series so affected shall be deemed to have been duly passed only if it is duly passed at separate meetings of the holders of the Covered Bonds of each Series or group of Series so affected; and

to all such meetings all the preceding provisions of this Schedule shall *mutatis mutandis* apply as though references therein to Covered Bonds, Covered Bondholders and holders were references to the Covered Bonds of the Series or group of Series in question or to the holders of such Covered Bonds, as the case may be.

- (b) If the Issuer has issued and has outstanding Covered Bonds which are not denominated in Euros, or in the case of any meeting of holders of Covered Bonds of more than one currency, the nominal amount of such Covered Bonds shall:
- (i) for the purposes of Clause 3.1 above, be the equivalent in Euros at the spot rate published by the Central Bank of Ireland, or such other bank as the Issuer may nominate, for the conversion of the relevant currency or currencies into Euros on the seventh dealing day before the day on which the written requirement to call the meeting is received by the Issuer; and
  - (ii) for the purposes of Clauses 3.4, 3.6 and 4.7 above (whether in respect of the meeting or any adjourned meeting or any poll), be the equivalent at that spot rate on the seventh dealing day before the day of the meeting,

and, in all cases, the equivalent in Euros of Inflation Linked Covered Bonds, Zero Coupon Covered Bonds or any other Covered Bonds issued at a discount or a premium shall be calculated by reference to the original nominal amount of those Covered Bonds.

In the circumstances set out above, on any poll each person present shall have one vote for each €1.00 in nominal amount of the Covered Bonds (converted as above) which they hold or represent.

## SCHEDULE 6

### FORMS OF GLOBAL AND DEFINITIVE COVERED BONDS, RECEIPTS, COUPONS AND TALONS

#### PART 1

#### FORM OF TEMPORARY BEARER GLOBAL COVERED BOND

### ARION BANK HF.

#### TEMPORARY BEARER GLOBAL COVERED BOND

This Global Covered Bond is a Temporary Bearer Global Covered Bond in respect of a duly authorised issue of Covered Bonds (the **Covered Bonds**) of Arion Bank hf.(the **Issuer**) described, and having the provisions specified, in Part A of the attached Final Terms (the **Final Terms**). References in this Global Covered Bond to the Conditions shall be to the Terms and Conditions of the Covered Bonds as set out in Schedule 2 to the Agency Agreement (as defined below) as modified and supplemented by the information set out in the Final Terms, but in the event of any conflict between the provisions of (a) that Schedule 2 or (b) this Global Covered Bond and the information set out in the Final Terms, the Final Terms will prevail.

Words and expressions defined or set out in the Conditions and/or the Final Terms shall have the same meaning when used in this Global Covered Bond.

This Global Covered Bond is issued subject to, and with the benefit of, the Conditions and an Agency Agreement (the **Agency Agreement**, which expression shall be construed as a reference to that agreement as the same may be amended, supplemented, novated or restated from time to time) dated 10 February 2012 and made between the Issuer, The Bank of New York Mellon, London Branch (the **Fiscal Agent**) and the other agents named in it.

For value received the Issuer, subject to and in accordance with the Conditions, promises to pay to the bearer of this Global Covered Bond on each Instalment Date (if the Covered Bonds are repayable in instalments) and on the Maturity Date (if any) and/or on such earlier date(s) as all or any of the Covered Bonds represented by this Global Covered Bond may become due and repayable in accordance with the Conditions, the amount payable under the Conditions in respect of the Covered Bonds represented by this Global Covered Bond on each such date and to pay interest (if any) on the nominal amount of the Covered Bonds from time to time represented by this Global Covered Bond calculated and payable as provided in the Conditions together with any other sums payable under the Conditions, upon presentation and, at maturity, surrender of this Global Covered Bond to or to the order of the Fiscal Agent at The Bank of New York Mellon, London Branch, 160 Queen Victoria Street, London EC4V 4LA, United Kingdom or at any of the other paying agents located outside the United States (except as provided in the Conditions) from time to time appointed by the Issuer in respect of the Covered Bonds, but in each case subject to the requirements as to certification provided below.

If the applicable Final Terms indicates that this Global Covered Bond is intended to be a New Global Covered Bond, the nominal amount of Covered Bonds represented by this Global Covered Bond shall be the aggregate amount from time to time entered in the records of both Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme (together, the **relevant Clearing Systems**). The records of the relevant Clearing Systems (which expression in this Global Covered Bond means the records that each relevant Clearing System holds for its customers which reflect the amount of such customer's interest in the Covered Bonds) shall be conclusive evidence of the nominal amount of Covered Bonds represented by this Global Covered Bond and, for these purposes, a statement issued by a relevant Clearing System stating the nominal amount of Covered Bonds represented by this Global Covered Bond at any time (which statement

shall be made available to the bearer upon request) shall be conclusive evidence of the records of the relevant Clearing System at that time.

If the applicable Final Terms indicates that this Global Covered Bond is not intended to be a New Global Covered Bond, the nominal amount of the Covered Bonds represented by this Global Covered Bond shall be the amount stated in the applicable Final Terms or, if lower, the nominal amount most recently entered by or on behalf of the Issuer in the relevant column in Part 2, 3 or 4 of Schedule One or in Schedule Two.

On any redemption or payment of an instalment or interest being made in respect of, or purchase and cancellation of, any of the Covered Bonds represented by this Global Covered Bond the Issuer shall procure that:

- (a) if the applicable Final Terms indicates that this Global Covered Bond is intended to be a New Global Covered Bond, details of such redemption, payment or purchase and cancellation (as the case may be) shall be entered pro rata in the records of the relevant Clearing Systems and, upon any such entry being made, the nominal amount of the Covered Bonds recorded in the records of the relevant Clearing Systems and represented by this Global Covered Bond shall be reduced by the aggregate nominal amount of the Covered Bonds so redeemed or purchased and cancelled or by the aggregate amount of such instalment so paid; or
- (b) if the applicable Final Terms indicates that this Global Covered Bond is not intended to be a New Global Covered Bond, details of such redemption, payment or purchase and cancellation (as the case may be) shall be entered by or on behalf of the Issuer in Schedule One and the relevant space in Schedule One recording any such redemption, payment or purchase and cancellation (as the case may be) shall be signed by or on behalf of the Issuer. Upon any such redemption, payment of an instalment or purchase and cancellation, the nominal amount of the Covered Bonds represented by this Global Covered Bond shall be reduced by the nominal amount of the Covered Bonds so redeemed or purchased and cancelled or by the amount of such instalment so paid.

Payments due in respect of Covered Bonds for the time being represented by this Global Covered Bond shall be made to the bearer of this Global Covered Bond and each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries referred to above shall not affect such discharge.

Prior to the Exchange Date (as defined below), all payments (if any) on this Global Covered Bond will only be made to the bearer hereof to the extent that there is presented to the Fiscal Agent by a relevant Clearing System a certificate to the effect that it has received from or in respect of a person entitled to a particular nominal amount of the Covered Bonds (as shown by its records) a certificate of non-US beneficial ownership in the form required by it. The bearer of this Global Covered Bond will not be entitled to receive any payment of interest due on or after the Exchange Date unless upon due certification exchange of this Global Covered Bond is improperly withheld or refused.

On or after the date (the **Exchange Date**) which is 40 days after the Issue Date this Global Covered Bond may be exchanged in whole or in part (free of charge) for, as specified in the Final Terms, either (a) security printed Definitive Bearer Covered Bonds and (if applicable) Coupons, Receipts and Talons in the form set out in Part 4, Part 5, Part 6 and Part 7 respectively of Schedule 6 to the Agency Agreement (on the basis that all the appropriate details have been included on the face of such Definitive Bearer Covered Bonds and (if applicable) Coupons, Receipts and Talons and the Final Terms (or the relevant provisions of the Final Terms) have been endorsed on or attached to such Definitive Bearer Covered Bonds) or (b) either, if the applicable Final Terms indicates that this Global Covered Bond is intended to be a New Global Covered Bond, interests recorded in the records of the relevant Clearing Systems in a Permanent Bearer Global Covered Bond or, if the applicable Final Terms indicates that this Global Covered Bond is not intended to be a New Global Covered Bond, a Permanent Bearer Global Covered Bond, which, in either case, is in or substantially in the form set out in Part 2 of Schedule 6 to the Agency Agreement (together with the Final

Terms attached to it), in each case upon notice being given by a relevant Clearing System acting on the instructions of any holder of an interest in this Global Covered Bond.

If Definitive Bearer Covered Bonds and (if applicable) Coupons, Receipts and/or Talons have already been issued in exchange for all the Covered Bonds represented for the time being by the Permanent Bearer Global Covered Bond, then this Global Covered Bond may only thereafter be exchanged for Definitive Bearer Covered Bonds and (if applicable) Coupons, Receipts and/or Talons in accordance with the terms of this Global Covered Bond.

This Global Covered Bond may be exchanged by the bearer hereof on any day (other than a Saturday or Sunday) on which banks are open for general business in London. The Issuer shall procure that the Definitive Bearer Covered Bonds or (as the case may be) the interests in the Permanent Bearer Global Covered Bond shall be (in the case of Definitive Covered Bonds) issued and delivered and (in the case of the Permanent Bearer Global Covered Bond where the applicable Final Terms indicates that this Global Covered Bond is intended to be a New Global Covered Bond) recorded in the records of the relevant Clearing System in exchange for only that portion of this Global Covered Bond in respect of which there shall have been presented to the Fiscal Agent by a relevant Clearing System a certificate to the effect that it has received from or in respect of a person entitled to a beneficial interest in a particular nominal amount of the Covered Bonds (as shown by its records) a certificate of non-US beneficial ownership from such person in the form required by it. The aggregate nominal amount of Definitive Bearer Covered Bonds or interests in a Permanent Bearer Global Covered Bond issued upon an exchange of this Global Covered Bond will, subject to the terms hereof, be equal to the aggregate nominal amount of this Global Covered Bond submitted by the bearer for exchange (to the extent that such nominal amount does not exceed the aggregate nominal amount of this Global Covered Bond).

On an exchange of the whole of this Global Covered Bond, this Global Covered Bond shall be surrendered to or to the order of the Fiscal Agent. On an exchange of part only of this Global Covered Bond, the Issuer shall procure that:

- (a) if the applicable Final Terms indicates that this Global Covered Bond is intended to be a New Global Covered Bond, details of such exchange shall be entered pro rata in the records of the relevant Clearing Systems; or
- (b) if the applicable Final Terms indicates that this Global Covered Bond is not intended to be a New Global Covered Bond, details of such exchange shall be entered by or on behalf of the Issuer in Schedule Two and the relevant space in Schedule Two recording such exchange shall be signed by or on behalf of the Issuer, whereupon the nominal amount of this Global Covered Bond and the Covered Bonds represented by this Global Covered Bond shall be reduced by the nominal amount so exchanged. On any exchange of this Global Covered Bond for a Permanent Bearer Global Covered Bond, details of such exchange shall also be entered by or on behalf of the Issuer in Schedule Two to the Permanent Bearer Global Covered Bond and the relevant space in Schedule Two to the Permanent Bearer Global Covered Bond recording such exchange shall be signed by or on behalf of the Issuer.

Until the exchange of the whole of this Global Covered Bond, the bearer of this Global Covered Bond shall in all respects (except as otherwise provided in this Global Covered Bond) be entitled to the same benefits as if they were the bearer of Definitive Bearer Covered Bonds and the relative Coupons, Receipts and/or Talons (if any) represented by this Global Covered Bond. Accordingly, except as ordered by a court of competent jurisdiction or as required by law or applicable regulation, the Issuer and any Paying Agent may deem and treat the holder of this Global Covered Bond as the absolute owner of this Global Covered Bond for all purposes.

In the event that this Global Covered Bond (or any part of it) has become due and repayable in accordance with the Conditions or that the Maturity Date (if any) has occurred and, in either case, payment in full of the

amount due has not been made to the bearer in accordance with the provisions set out above then this Global Covered Bond will become void at 8pm (London time) on the day immediately following such day and the bearer will have no further rights under this Global Covered Bond (but without prejudice to the rights which the bearer or any other person may have under the Deed of Covenant executed by the Issuer on [●] 2023 (as amended, supplemented, novated and/or restated as at the Issue Date) in respect of the Covered Bonds).

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Global Covered Bond, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

This Global Covered Bond and any non-contractual obligations arising out of or in connection with this Global Covered Bond are governed by, and shall be construed in accordance with, English law.

This Global Covered Bond shall not be valid unless authenticated by the Fiscal Agent and, if the applicable Final Terms indicates that this Global Covered Bond is intended to be held in a manner which would allow Eurosystem eligibility, effectuated by the entity appointed as common safe-keeper by the Relevant Clearing Systems.

**IN WITNESS WHEREOF** the Issuer has caused this Global Covered Bond to be duly executed on its behalf.

**ARION BANK HF.**

By:

Authenticated without recourse, warranty or liability by  <b>The Bank of New York Mellon, London Branch</b>  By:
Effectuated without recourse, warranty or liability by  ..... as common safekeeper  By:













## PART 2

### FORM OF PERMANENT BEARER GLOBAL COVERED BOND

[ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.]<sup>3</sup>

## ARION BANK HF.

### PERMANENT BEARER GLOBAL COVERED BOND

This Global Covered Bond is a Permanent Bearer Global Covered Bond in respect of a duly authorised issue of Covered Bonds (the **Covered Bonds**) of Arion Bank hf.(the **Issuer**) described, and having the provisions specified, in Part A of the attached Final Terms (the **Final Terms**). References in this Global Covered Bond to the Conditions shall be to the Terms and Conditions of the Covered Bonds as set out in Schedule 2 to the Agency Agreement (as defined below) as modified and supplemented by the information set out in the Final Terms, but in the event of any conflict between the provisions of (a) that Schedule 2 or (b) this Global Covered Bond and the information set out in the Final Terms, the Final Terms will prevail.

Words and expressions defined or set out in the Conditions and/or the Final Terms shall have the same meaning when used in this Global Covered Bond.

This Global Covered Bond is issued subject to, and with the benefit of, the Conditions and an Agency Agreement (the **Agency Agreement**, which expression shall be construed as a reference to that agreement as the same may be amended, supplemented, novated or restated from time to time) dated 10 February 2012 and made between the Issuer, The Bank of New York Mellon, London Branch (the **Fiscal Agent**) and the other agents named in it.

For value received the Issuer, subject to and in accordance with the Conditions, promises to pay to the bearer of this Global Covered Bond on each Instalment Date (if the Covered Bonds are repayable in instalments) and on the Maturity Date (if any) and/or on such earlier date(s) as all or any of the Covered Bonds represented by this Global Covered Bond may become due and repayable in accordance with the Conditions, the amount payable under the Conditions in respect of the Covered Bonds represented by this Global Covered Bond on each such date and to pay interest (if any) on the nominal amount of the Covered Bonds from time to time represented by this Global Covered Bond calculated and payable as provided in the Conditions together with any other sums payable under the Conditions, upon presentation and, at maturity, surrender of this Global Covered Bond to or to the order of the Fiscal Agent at The Bank of New York Mellon, London Branch, 160 Queen Victoria Street, London EC4V 4LA, United Kingdom or at any of the other paying agents located outside the United States (except as provided in the Conditions) from time to time appointed by the Issuer in respect of the Covered Bonds.

If the applicable Final Terms indicates that this Global Covered Bond is intended to be a New Global Covered Bond, the nominal amount of Covered Bonds represented by this Global Covered Bond shall be the aggregate amount from time to time entered in the records of both Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme (together, the **relevant Clearing Systems**). The records of the relevant Clearing Systems (which expression in this Global Covered Bond means the records that each relevant Clearing System holds for its customers which reflect the amount of such customer's interest in the Covered Bonds) shall be conclusive evidence of the nominal amount of Covered Bonds represented by this Global Covered Bond and, for these purposes, a statement issued by a relevant Clearing System stating the

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<sup>3</sup> This legend can be deleted if TEFRA C or TEFRA C not applicable is specified in the applicable Final Terms.

nominal amount of Covered Bonds represented by this Global Covered Bond at any time (which statement shall be made available to the bearer upon request) shall be conclusive evidence of the records of the relevant Clearing System at that time.

If the applicable Final Terms indicates that this Global Covered Bond is not intended to be a New Global Covered Bond, the nominal amount of the Covered Bonds represented by this Global Covered Bond shall be the amount stated in the applicable Final Terms or, if lower, the nominal amount most recently entered by or on behalf of the Issuer in the relevant column in Part 2, 3 or 4 of Schedule One or in Schedule Two.

On any redemption or payment of an instalment or interest being made in respect of, or purchase and cancellation of, any of the Covered Bonds represented by this Global Covered Bond the Issuer shall procure that:

- (c) if the applicable Final Terms indicates that this Global Covered Bond is intended to be a New Global Covered Bond, details of such redemption, payment or purchase and cancellation (as the case may be) shall be entered pro rata in the records of the relevant Clearing Systems and, upon any such entry being made, the nominal amount of the Covered Bonds recorded in the records of the relevant Clearing Systems and represented by this Global Covered Bond shall be reduced by the aggregate nominal amount of the Covered Bonds so redeemed or purchased and cancelled or by the aggregate amount of such instalment so paid; or
- (d) if the applicable Final Terms indicates that this Global Covered Bond is not intended to be a New Global Covered Bond, details of such redemption, payment or purchase and cancellation (as the case may be) shall be entered by or on behalf of the Issuer in Schedule One and the relevant space in Schedule One recording any such redemption, payment or purchase and cancellation (as the case may be) shall be signed by or on behalf of the Issuer. Upon any such redemption, payment of an instalment or purchase and cancellation, the nominal amount of the Covered Bonds represented by this Global Covered Bond shall be reduced by the nominal amount of the Covered Bonds so redeemed or purchased and cancelled or by the amount of such instalment so paid.

Payments due in respect of Covered Bonds for the time being represented by this Global Covered Bond shall be made to the bearer of this Global Covered Bond and each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries referred to above shall not affect such discharge.

Where the Covered Bonds have initially been represented by one or more Temporary Bearer Global Covered Bonds, on any exchange of any such Temporary Bearer Global Covered Bond for this Global Covered Bond or any part of it, the Issuer shall procure that:

- (a) if the applicable Final Terms indicates that this Global Covered Bond is intended to be a New Global Covered Bond, details of such exchange shall be entered in the records of the relevant Clearing Systems; or
- (b) if the applicable Final Terms indicates that this Global Covered Bond is not intended to be a New Global Covered Bond, details of such exchange shall be entered by or on behalf of the Issuer in Schedule Two and the relevant space in Schedule Two recording any such exchange shall be signed by or on behalf of the Issuer. Upon any such exchange, the nominal amount of the Covered Bonds represented by this Global Covered Bond shall be increased by the nominal amount of the Covered Bonds so exchanged.

In certain circumstances further Covered Bonds may be issued which are intended on issue to be consolidated and form a single Series with the Covered Bonds. In such circumstances the Issuer shall procure that:

- (a) if the applicable Final Terms indicates that this Global Covered Bond is intended to be a New Global Covered Bond, details of such further Covered Bonds may be entered in the records of the relevant Clearing Systems such that the nominal amount of Covered Bonds represented by this Global Covered Bond may be increased by the amount of such further Covered Bonds so issued; or
- (b) if the applicable Final Terms indicates that this Global Covered Bond is not intended to be a New Global Covered Bond, shall be entered by or on behalf of the Issuer in Schedule Two and the relevant space in Schedule Two recording such exchange shall be signed by or on behalf of the Issuer, whereupon the nominal amount of the Covered Bonds represented by this Global Covered Bond shall be increased by the nominal amount of any such Temporary Global Covered Bond so exchanged

This Global Covered Bond may be exchanged in whole but not in part (free of charge) for Definitive Bearer Covered Bonds and (if applicable) Coupons, Receipts and/or Talons in the form set out in Part 4, Part 5, Part 6 and Part 7 respectively of Schedule 6 to the Agency Agreement (on the basis that all the appropriate details have been included on the face of such Definitive Bearer Covered Bonds and (if applicable) Coupons, Receipts and Talons and the Final Terms (or the relevant provisions of the Final Terms) have been endorsed on or attached to such Definitive Bearer Covered Bonds) either as specified in the applicable Final Terms:

- (a) [upon not less than 60 days' written notice being given to the Principal Paying Agent by Euroclear and/or Clearstream, Luxembourg acting on the instructions of any holder of an interest in this Global Covered Bond]; [or]
- (b) only upon the occurrence of an Exchange Event [; or
- (c) at any time at the request of the Issuer].

An **Exchange Event** means:

- (a) the Issuer has been notified that both the relevant Clearing Systems have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available; or
- (b) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Covered Bonds represented by this Global Covered Bond in definitive form.

If this Global Covered Bond is only exchangeable following the occurrence of an Exchange Event:

- (a) the Issuer will promptly give notice to Covered Bondholders in accordance with Condition 14 (Notices) upon the occurrence of an Exchange Event; and
- (b) in the event of the occurrence of any Exchange Event, one or more of the relevant Clearing Systems or the common service provider for the Relevant Clearing Systems (if the applicable Final Terms indicates that this Global Covered Bond is intended to be a New Global Covered Bond) or the common depository (if the applicable Final Terms indicate that this Global Covered Bond is not intended to be a New Global Covered Bond) on their behalf acting on the instructions of any holder of an interest in this Global Covered Bond may give notice to the Fiscal Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (ii) above, the Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur no later than 45 days after the date of receipt of the first relevant notice by the Fiscal Agent.

Any such exchange will be made on any day (other than a Saturday or Sunday) on which banks are open for general business in London by the bearer of this Global Covered Bond. On an exchange of this Global Covered Bond, this Global Covered Bond shall be surrendered to or to the order of the Fiscal Agent. The

aggregate nominal amount of Definitive Bearer Covered Bonds issued upon an exchange of this Global Covered Bond will be equal to the aggregate nominal amount of this Global Covered Bond at the time of such exchange.

Until the exchange of this Global Covered Bond, the bearer of this Global Covered Bond shall in all respects (except as otherwise provided in this Global Covered Bond) be entitled to the same benefits as if they were the bearer of Definitive Bearer Covered Bonds and the relative Coupons, Receipts and/or Talons (if any) represented by this Global Covered Bond. Accordingly, except as ordered by a court of competent jurisdiction or as required by law or applicable regulation, the Issuer and any Paying Agent may deem and treat the holder of this Global Covered Bond as the absolute owner of this Global Covered Bond for all purposes.

In the event that this Global Covered Bond (or any part of it) has become due and repayable in accordance with the Conditions or that the Maturity Date (if any) has occurred and, in either case, payment in full of the amount due has not been made to the bearer in accordance with the provisions set out above then this Global Covered Bond will become void at 8pm (London time) on the day immediately following such day and the bearer will have no further rights under this Global Covered Bond (but without prejudice to the rights which the bearer or any other person may have under the Deed of Covenant executed by the Issuer on [●] 2023 in respect of the Covered Bonds).

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Global Covered Bond, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

This Global Covered Bond and any non-contractual obligations arising out of or in connection with this Global Covered Bond are governed by, and shall be construed in accordance with, English law.

This Global Covered Bond shall not be valid unless authenticated by the Fiscal Agent and, if the applicable Final Terms indicates that this Global Covered Bond is intended to be held in a manner which would allow Eurosystem eligibility, effectuated by the entity appointed as common safekeeper by the Relevant Clearing Systems.

**IN WITNESS WHEREOF** the Issuer has caused this Global Covered Bond to be duly executed on its behalf.

**ARION BANK HF.**

By:

<p>Authenticated without recourse, warranty or liability by</p> <p><b>The Bank of New York Mellon, London Branch</b></p> <p>By:</p> <p>Effectuated without recourse, warranty or liability by</p> <p>..... as common safekeeper</p>
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By:











## FORM OF REGISTERED GLOBAL COVERED BOND

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE COVERED BONDS OF THE TRANCHE OF WHICH THIS COVERED BOND FORMS PART.

## ARION BANK HF.

### FORM OF REGULATION S GLOBAL COVERED BOND

Arion Bank hf. (the **Issuer**) hereby certifies that the person whose name is entered in the Registered Covered Bond Register is the registered holder of the aggregate nominal amount of [ ] of a duly authorised issue of Covered Bonds (the **Covered Bonds**) described, and having the provisions specified, in Part A of the attached Final Terms (the **Final Terms**). References in this Global Covered Bond to the Conditions shall be to the Terms and Conditions of the Covered Bonds set out in Schedule 2 to the Agency Agreement (as defined below) as modified and supplemented by the information set out in the Final Terms, but in the event of any conflict between the provisions of (i) that Schedule or (ii) this Global Covered Bond and the information set out in the Final Terms, the Final Terms will prevail.

Words and expressions defined or set out in the Conditions and/or the Final Terms shall have the same meaning when used in this Global Covered Bond.

This Global Covered Bond is issued subject to, and with the benefit of, the Conditions and an Agency Agreement (the **Agency Agreement** which expression shall be construed as a reference to that agreement as the same may be amended, supplemented, novated or restated from time to time) dated 10 February 2012 and made between the Issuer, the Bank of New York Mellon SA/NV Luxembourg Branch (the **Registrar**) and the other Agents named in it.

Subject to and in accordance with the Conditions, the registered holder of this Global Covered Bond is entitled to receive on each Instalment Date (if the Covered Bonds are repayable in instalments) and on the Maturity Date (if any) and/or on such earlier date(s) as all or any of the Covered Bonds represented by this Global Covered Bond may become due and repayable in accordance with the Conditions, the amount payable under the Conditions in respect of the Covered Bonds on each such date and interest (if any) on the nominal amount of the Covered Bonds from time to time represented by this Global Covered Bond calculated and payable as provided in the Conditions together with any other sums payable under the Conditions, all in accordance with the Conditions.

On any redemption or payment of an instalment or interest being made in respect of, or purchase and cancellation of, any of the Covered Bonds represented by this Global Covered Bond details of such redemption, payment or purchase and cancellation (as the case may be) shall be entered by the Registrar in the Register. Upon any such redemption, payment of an instalment or purchase and cancellation, the nominal amount of the Covered Bonds held by the registered holder hereof shall be reduced by the nominal amount of the Covered Bonds so redeemed or purchased and cancelled or by the amount of such instalment so paid. The nominal amount of the Covered Bonds held by the registered holder hereof following any such

redemption, payment of an instalment or purchase and cancellation or any transfer or exchange as referred to below shall be that amount most recently entered in the Register.

Covered Bonds represented by this Global Covered Bond are transferable only in accordance with, and subject to, the provisions of this Global Covered Bond (including the legend set out above) and of Condition 2 (Transfers of Registered Covered Bonds) and the rules and operating procedures of Euroclear Bank S.A./N.V. (**Euroclear**) or Clearstream Banking, société anonyme (**Clearstream, Luxembourg**).

This Global Covered Bond may be exchanged in whole but not in part (free of charge) for Definitive Registered Covered Bonds in the form set out in Part 4 of Schedule 6 to the Agency Agreement (on the basis that all the appropriate details have been included on the face of such Definitive Registered Covered Bonds and the Final Terms (or the relevant provisions of the Final Terms) have been endorsed on or attached to such Definitive Registered Covered Bonds) only upon the occurrence of an Exchange Event.

An **Exchange Event** means:

- (a) if this Global Covered Bond is registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available; or
- (b) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Covered Bonds represented by this Global Covered Bond in definitive form.

The Issuer will promptly give notice to Covered Bondholders in accordance with Condition 14 (Notices) upon the occurrence of an Exchange Event. In the event of the occurrence of any Exchange Event, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf, acting on the instructions of any holder of an interest in this Global Covered Bond, may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (4) above, the Issuer may also give notice to the Registrar requesting exchange. Any exchange shall occur no later than 10 days after the date of receipt of the relevant notice by the Registrar.

Exchanges will be made upon presentation of this Global Covered Bond at the office of the Registrar at The Bank of New York Mellon SA/NV Luxembourg Branch, Vertigo Building – Polaris, 2-4 rue Eugène Ruppert, L-2453 Luxembourg by the holder of it on any day (other than a Saturday or Sunday) on which banks are open for general business in Luxembourg. The aggregate nominal amount of Definitive Registered Covered Bonds issued upon an exchange of this Global Covered Bond will be equal to the aggregate nominal amount of this Global Covered Bond.

On an exchange in whole of this Global Covered Bond, this Global Covered Bond shall be surrendered to the Registrar.

On any exchange or transfer following which either (i) Covered Bonds represented by this Global Covered Bond are no longer to be so represented or (ii) Covered Bond not so represented are to be so represented details of the transfer shall be entered by the Registrar in the Register, following which the nominal amount of this Global Covered Bond and the Covered Bonds held by the registered holder of this Global Covered Bond shall be increased or reduced (as the case may be) by the nominal amount so transferred.

Until the exchange of the whole of this Global Covered Bond, the registered holder of this Global Covered Bond shall in all respects (except as otherwise provided in this Global Covered Bond and in the Conditions) be entitled to the same benefits as if they were the registered holder of the Definitive Registered Covered Bonds represented by this Global Covered Bond.



In the event that this Global Covered Bond (or any part of it) has become due and repayable in accordance with the Conditions or that the Maturity Date (if any) has occurred and, in either case, payment in full of the amount due has not been made to the registered holder of this Global Covered Bond in accordance with the provisions set out above then holders of interests in this Global Covered Bond will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and Clearstream, Luxembourg, as the case may be, on, and subject to the terms of, a Deed of Covenant executed by the Issuer on [●] 2023 in respect of the Covered Bonds issued under the Programme Agreement pursuant to which this Global Covered Bond is issued.

This Global Covered Bond is not a document of title. Entitlements are determined by entry in the Registered Covered Bond Register and only the duly registered holder from time to time is entitled to payment in respect of this Global Covered Bond.

The statements in the legend set out above are an integral part of the terms of this Global Covered Bond and, by acceptance of this Global Covered Bond, the registered holder of this Global Covered Bond agrees to be subject to and bound by the terms and provisions set out in the legend.

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Global Covered Bond, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

This Global Covered Bond and any non-contractual obligations arising out of or in connection with this Global Covered Bond are governed by, and shall be construed in accordance with, English law.

This Global Covered Bond shall not be valid unless authenticated by the Registrar and, if the applicable Final Terms indicates that this Global Covered Bond is intended to be held under the New Safekeeping Structure, effectuated by the entity appointed as common safekeeper by Euroclear or Clearstream, Luxembourg.

**IN WITNESS WHEREOF** the Issuer has caused this Global Covered Bond to be duly executed on its behalf.

**ARION BANK HF.**

By

<p>Authenticated without recourse, warranty or liability by</p> <p><b>Bank of New York Mellon SA/NV Luxembourg Branch</b></p> <p>By:</p> <p>Effectuated without recourse, warranty or liability by</p> <p>.....</p> <p>as common safekeeper</p> <p>By:</p>
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**FORM OF DEFINITIVE BEARER COVERED BOND**

[Face of Covered Bond]

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**[ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.](1) □ □**

**ARION BANK HF.**

[Specified Currency and Nominal Amount of Tranche] Covered Bonds Due [Year of Maturity]

This Covered Bond is one of a duly authorised issue of Covered Bonds denominated in the Specified Currency [and maturing on the Maturity Date] (the **Covered Bonds**) of Arion Bank hf. (the **Issuer**). References in this Covered Bond to the Conditions shall be to the Terms and Conditions [endorsed on this Covered Bond/attached to this Covered Bond/set out in Schedule 2 to the Agency Agreement (as defined below) which shall be incorporated by reference in this Covered Bond and have effect as if set out in it] as modified and supplemented by Part A of the Final Terms (the **Final Terms**) (or the relevant provisions of the Final Terms) endorsed on this Covered Bond but, in the event of any conflict between the provisions of the Conditions and the information in the Final Terms, the Final Terms will prevail.

This Covered Bond is issued subject to, and with the benefit of, the Conditions and an Agency Agreement (the **Agency Agreement**, which expression shall be construed as a reference to that agreement as the same may be amended, supplemented, novated or restated from time to time) dated 10 February 2012 and made between the Issuer, The Bank of New York Mellon, London Branch (the **Fiscal Agent**) and the other agents named in it.

For value received, the Issuer, subject to and in accordance with the Conditions, promises to pay to the bearer of this Covered Bond [on each Instalment Date and] on the Maturity Date (if any) and/or on such earlier date(s) as this Covered Bond may become due and repayable in accordance with the Conditions, the amount payable under the Conditions in respect of this Covered Bond on each such date and to pay interest (if any) on this Covered Bond calculated and payable as provided in the Conditions together with any other sums payable under the Conditions.

This Covered Bond shall not be validly issued unless authenticated by the Fiscal Agent.

**IN WITNESS WHEREOF** the Issuer has caused this Covered Bond to be duly executed on its behalf.

**ARION BANK HF.**

By:

Authenticated without recourse,  
warranty or liability by

<sup>(1)</sup> This legend can be deleted if TEFRA C or TEFRA C not applicable is specified in the applicable Final Terms.

**The Bank of New York Mellon,  
London Branch**

By:

*[Reverse of Covered Bond]*

**Terms and Conditions**

*[Terms and Conditions to be as set out in  
Schedule 2 to the Agency Agreement]*

**Final Terms**

*[Here may be set out text of Final Terms  
relating to the Covered Bonds]*

**FORM OF COUPON**

[Face of Coupon]

**ARION BANK HF.**

**[Specified Currency and Nominal Amount of Tranche]  
Covered Bonds [Due [Year of Maturity]]**

**Part A**

***For Fixed Rate Covered Bonds or Inflation Linked Non-Amortising Covered Bonds:***

This Coupon is payable to bearer, separately negotiable and subject to the Terms and Conditions of the Covered Bonds to which it appertains. Coupon for [ ] due on [ ]

**Part B**

***For Floating Rate Covered Bonds or Inflation Linked Covered Bonds:***

Coupon for the amount due in accordance with the Terms and Conditions of the Covered Bonds to which it appertains on the Interest Payment Date falling in [ ]. Coupon due in [ ]

This Coupon is payable to bearer, separately negotiable and subject to such Terms and Conditions, under which it may become void before its due date.

**[ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(J) AND 1287(A) OF THE INTERNAL REVENUE CODE.]<sup>6</sup>**

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<sup>6</sup> This legend can be deleted if TEFRA C or TEFRA C not applicable is specified in the applicable Final Terms.

**FORM OF RECEIPT**

*[Face of Receipt]*

**[ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.]<sup>7</sup>**

**ARION BANK HF.**

***[Specified Currency and Nominal Amount of Tranche] Covered Bonds Due [Year of Final Maturity]***

Series No. [     ]

Receipt for the sum of [     ] being the instalment of principal payable in accordance with the Terms and Conditions endorsed on the Covered Bond to which this Receipt appertains (the **Conditions**) on [     ].

This Receipt is issued subject to and in accordance with the Conditions which shall be binding upon the holder of this Receipt (whether or not it is for the time being attached to the Covered Bond) and is payable at the specified office of any of the Paying Agents set out on the reverse of the Covered Bond to which this Receipt appertains (and/or any other or further Paying Agents and/or specified offices as may from time to time be duly appointed and notified to the Covered Bondholders).

This Receipt must be presented for payment together with the Covered Bond to which it appertains. The Issuer shall have no obligation in respect of any Receipt presented without the Covered Bond to which it appertains or any unmatured Receipts.

ARION BANK HF.

By:

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<sup>7</sup> This legend can be deleted if TEFRA C or TEFRA C not applicable is specified in the applicable Final Terms.

**FORM OF TALON**

*[Face of Talon]*

**[ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.]<sup>8</sup>**

**ARION BANK HF.**

***[Specified Currency and Nominal Amount of Tranche] Covered Bonds [Due [Year of Maturity]]***

Series No. [     ]

On and after [                     ] further Coupons [and a further Talon] appertaining to the Covered Bond to which this Talon appertains will be issued at the specified office of any of the Paying Agents set out on the reverse hereof (and/or any other or further Paying Agents and/or specified offices as may from time to time be duly appointed and notified to the Covered Bondholders) upon production and surrender of this Talon.

This Talon may, in certain circumstances, become void under the Terms and Conditions endorsed on the Covered Bond to which this Talon appertains.

ARION BANK HF.

By:

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<sup>8</sup> This legend can be deleted if TEFRA C is specified in the applicable Final Terms.

*[Reverse of Coupon, Receipt and Talon]*

**FISCAL AGENT**

**The Bank of New York Mellon**

[●] and/or such other or further Fiscal Agent or other Paying Agents and/or specified offices as may from time to time be duly appointed by the Issuer and notice of which has been given to the Covered Bondholders.



## FORM OF DEFINITIVE REGISTERED COVERED BOND

### ARION BANK HF.

[*Specified Currency and Nominal Amount of Tranche*] Covered Bonds [Due [Year of Maturity]]

Arion Bank hf. (the **Issuer**) hereby certifies that [ ] is/are, at the date of this Covered Bond, entered in the Registered Covered Bond Register as the holder(s) of the aggregate nominal amount of [ ] of a duly authorised issue of Covered Bonds (the **Covered Bonds**) described, and having the provisions specified, in Part A of the attached Final Terms (the **Final Terms**). References in this Covered Bond to the Conditions shall be to the Terms and Conditions [endorsed on this Covered Bond /attached to this Covered Bond /set out in Schedule 2 to the Agency Agreement (as defined below)] as modified and supplemented by information set out in the Final Terms but, in the event of any conflict between the provisions of the Conditions and the information in the Final Terms, the Final Terms will prevail.

Words and expressions defined or set out in the Conditions and/or the Final Terms shall have the same meaning when used in this Covered Bond.

This Covered Bond is issued subject to, and with the benefit of, the Conditions and an Agency Agreement (the **Agency Agreement**, which expression shall be construed as a reference to that agreement as the same may be amended, supplemented, novated and/or restated from time to time) dated 10 February 2012 and made between the Issuer, The Bank of New York Mellon SA/NV Luxembourg Branch (the **Registrar**) and the other parties named in it.

Subject to and in accordance with the Conditions, the registered holder(s) of this Covered Bond is/are entitled to receive on each Instalment Date (if this Covered Bond is repayable in instalments) and on the Maturity Date (if any) and/or on such earlier date(s) as this Covered Bond may become due and repayable in accordance with the Conditions, the amount payable under the Conditions in respect of this Covered Bond on each such due date and interest (if any) on this Covered Bond calculated and payable as provided in the Conditions together with any other sums payable under the Conditions, all in accordance with the Conditions.

This Covered Bond is not a document of title. Entitlements are determined by entry in the Registered Covered Bond Register and only the duly registered holder from time to time is entitled to payment in respect of this Covered Bond.

The statements in the legend set out above are an integral part of the terms of this Covered Bond and, by acceptance of this Covered Bond, the registered holder of this Covered Bond agrees to be subject to and bound by the terms and provisions set out in the legend.

This Covered Bond shall not be valid unless authenticated by the Registrar.

**IN WITNESS WHEREOF** the Issuer has caused this Covered Bond to be duly executed on its behalf.

**ARION BANK HF.**

By:

Authenticated without recourse,  
warranty or liability by  
**The Bank of New York Mellon  
SA/NV, Luxembourg Branch**  
By:

**FORM OF TRANSFER**

FOR VALUE RECEIVED the undersigned hereby sell(s), assign(s) and transfer(s) to

.....  
.....  
.....

*(Please print or type name and address (including postal code) of transferee)*

[Specified Currency][ ] nominal amount of this Covered Bond and all rights hereunder, hereby irrevocably constituting and appointing The Bank of New York Mellon SA/NV Luxembourg Branch as attorney to transfer such principal amount of this Covered Bond in the register maintained by Arion Bank hf. with full power of substitution.

Signature(s)

.....

Date:

**NOTE:**

- This form of transfer must be accompanied by such documents, evidence and information as may be required pursuant to the Conditions (including, if required a duly completed certification in the form[s] set out in Schedule 7 to the Agency Agreement) and must be executed under the hand of the transferor or, if the transferor is a corporation, either under its common seal or under the hand of two of its officers duly authorised in writing and, in such latter case, the document so authorising such officers must be delivered with this form of transfer.
13. The signature(s) on this form of transfer must correspond with the name(s) as it/they appear(s) on the face of this Covered Bond in every particular, without alteration or enlargement or any change whatever.

## SCHEDULE 7

### FORM OF TRANSFER CERTIFICATE

*This certificate is not required for transfers of interests in a Registered Global Covered Bond to persons who wish to hold the transferred interest in the same Registered Global Covered Bond*

[DATE]

To: The Bank of New York Mellon, London Branch (**Fiscal Agent**)  
The Bank of New York Mellon SA/NV Luxembourg Branch (**Registrar**)  
Arion Bank hf. (**Issuer**)

**ARION BANK HF. (the Issuer)**  
**[Title of Series of Covered Bonds] (the Covered Bonds)**  
**issued pursuant to a €3,000,000,000 European Covered Bond (Premium) Programme (the Programme)**

Reference is made to the terms and conditions of the Covered Bonds (the **Conditions**) set out in Schedule 2 to the Agency Agreement (the **Agency Agreement**) dated 10 February 2012 as supplemented, amended, novated and/or restated from time to time, between the Issuer and the other parties named in it relating to the Programme. Terms defined in the Conditions or the Agency Agreement shall have the same meanings when used in this Certificate unless otherwise stated.

This certificate relates to [*insert Specified Currency and nominal amount of Covered Bonds*] of Covered Bonds which are held in the form of beneficial interests in one or more Regulation S Covered Bonds (ISIN No. [●]) represented by a Regulation S Global Covered Bond in the name of [●] (the **Transferor**). The Transferor has requested an exchange or transfer of such beneficial interest for an interest in Regulation S Covered Bonds represented by a Regulation S Global Covered Bond.

In connection therewith, the Transferor certifies that such exchange or transfer has been effected in accordance with the transfer restrictions set forth in the Covered Bonds and in accordance with any applicable securities laws of the United States of America, any State of the United States of America or any other jurisdiction and any applicable rules and regulations of Euroclear and Clearstream, Luxembourg from time to time and, accordingly, the Transferor certifies as follows (terms used in this paragraph that are defined in Regulation S are used herein as defined therein):

- (a) the offer of the Covered Bonds was not made to a person in the United States;
- (b) either (i) the transaction was executed in, on or through the facilities of a designated offshore securities market and neither the Transferor nor any person acting on the Transferor's behalf knows that the transaction was pre-arranged with a transferee in the United States or (ii) the transferee is outside the United States, or the Transferor and any person acting on its behalf reasonably believes that the transferee is outside the United States;
- (c) no directed selling efforts have been made in contravention of the requirement of Rule 903(b) or 904(b) of Regulation S, as applicable; and
- (d) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act.

The Transferor understands that this certificate is required in connection with certain securities or other legislation in the United States and/or in connection with the Covered Bonds being eligible for clearance in one or more clearance systems. If administrative or legal proceedings are commenced or threatened in

connection with which this certificate is or might be relevant, the Transferor irrevocably authorises each entity to which this certificate is addressed to produce this certificate or a copy hereof to any interested party in such proceedings.

This certificate and the statements contained herein are made for the benefit of the addressees hereof and for the benefit of the Dealers of the Covered Bonds.

*[Insert name of Transferor]*

By:

Name:

Title:

## SCHEDULE 8

### REGISTER AND TRANSFER OF REGISTERED COVERED BONDS

1. The Registrar shall at all times maintain in a place agreed by the Issuer the Registered Covered Bond Register showing the amount of the Registered Covered Bonds from time to time outstanding and the dates of issue and all subsequent transfers and changes of ownership of the Registered Covered Bonds and the names and addresses of the holders of the Registered Covered Bonds. The holders of the Registered Covered Bonds or any of them and any person authorised by any of them may at all reasonable times during office hours inspect the Registered Covered Bond Register and take copies of or extracts from it. The Registered Covered Bond Register may be closed by the Issuer for such periods and at such times (not exceeding in total 30 days in any one year) as it may think fit.
2. Each Registered Covered Bond shall have an identifying serial number which shall be entered on the Register.
3. The Registered Covered Bonds are transferable by execution of the form of transfer endorsed on them under the hand of the transferor or, where the transferor is a corporation, under its common seal or under the hand of two of its officers duly authorised in writing.
4. The Registered Covered Bonds to be transferred must be delivered for registration to the specified office of the Registrar with the form of transfer endorsed on them duly completed and executed and must be accompanied by such documents, evidence and information (including, but not limited to, a Transfer Certificate) as may be required pursuant to the Conditions and such other evidence as the Issuer may reasonably require to prove the title of the transferor or their right to transfer the Registered Covered Bonds and, if the form of transfer is executed by some other person on their behalf or in the case of the execution of a form of transfer on behalf of a corporation by its officers, the authority of that person or those persons to do so.
5. The executors or administrators of a deceased holder of Registered Covered Bonds (not being one of several joint holders) and in the case of the death of one or more of several joint holders the survivor or survivors of such joint holders shall be the only person or persons recognised by the Issuer as having any title to such Registered Covered Bonds.
6. Any person becoming entitled to Registered Covered Bonds in consequence of the death or bankruptcy of the holder of such Registered Covered Bonds may upon producing such evidence that they hold the position in respect of which they propose to act under this paragraph or of their title as the Issuer shall require be registered himself as the holder of such Registered Covered Bonds or, subject to the preceding paragraphs as to transfer, may transfer such Registered Covered Bonds. The Issuer shall be at liberty to retain any amount payable upon the Registered Covered Bonds to which any person is so entitled until such person shall be registered or shall duly transfer the Registered Covered Bonds.
7. Unless otherwise requested by them, the holder of Registered Covered Bonds of any Series shall be entitled to receive only one Registered Covered Bond in respect of their entire holding of the Series.
8. The joint holders of Registered Covered Bonds of any Series shall be entitled to one Registered Covered Bond only in respect of their joint holding of the Series which shall, except where they otherwise direct, be delivered to the joint holder whose name appears first in the Registered Covered Bond Register in respect of such joint holding.

9. Where a holder of Registered Covered Bonds has transferred part only of their holding of Covered Bonds represented by a single Registered Covered Bond there shall be delivered to them without charge a Registered Covered Bond in respect of the balance of their holding.
10. The Issuer shall make no charge to the Covered Bondholders for the registration of any holding of Registered Covered Bonds or any transfer of it or for the issue or delivery of Registered Covered Bonds in respect of the holding at the specified office of the Registrar or by uninsured mail to the address specified by the holder. If any holder entitled to receive a Registered Covered Bond wishes to have the same delivered to them otherwise than at the specified office of the Registrar, such delivery shall be made, upon their written request to the Registrar, at their risk and (except where sent by uninsured mail to the address specified by the holder) at their expense.
11. The holder of a Registered Covered Bond may (to the fullest extent permitted by applicable laws) be treated at all times, by all persons and for all purposes as the absolute owner of the Registered Covered Bond notwithstanding any notice any person may have of the right, title, interest or claim of any other person to the Registered Covered Bond. The Issuer shall not be bound to see to the execution of any trust to which any Registered Covered Bond may be subject and no notice of any trust shall be entered on the Register. The holder of a Registered Covered Bond will be recognised by the Issuer as entitled to their Registered Covered Bond free from any equity, set-off or counterclaim on the part of the Issuer against the original or any intermediate holder of such Registered Covered Bond.
12. A Registered Covered Bond may not be exchanged for a Bearer Covered Bond or vice versa.

## SCHEDULE 9

### ADDITIONAL DUTIES OF THE FISCAL AGENT AND THE REGISTRAR

In relation to each Series of Covered Bonds that are NGCBs and each series of Covered Bonds that are held under the NSS, each of the Fiscal Agent and the Registrar will comply with the following provisions:

- (a) the Fiscal Agent or the Registrar, as the case may be, will inform each of Euroclear and Clearstream, Luxembourg (the **ICSDs**), through the common service provider appointed by the ICSDs to service the Covered Bonds (the **CSP**), of the initial issue outstanding amount (**IOA**) for each Tranche on or prior to the relevant Issue Date;
- (b) if any event occurs that requires a mark up or mark down of the records which an ICSD holds for its customers to reflect such customers' interest in the Covered Bonds, the Fiscal Agent and the Registrar will (to the extent known to it) promptly provide details of the amount of such mark up or mark down, together with a description of the event that requires it, to the ICSDs (through the **CSP**) to ensure that the IOA of the Covered Bonds (in the case of NGNs) or the records of the ICSDs reflecting the IOA (in the case of Covered Bonds held under the NSS) remains at all times accurate;
- (c) the Fiscal Agent and the Registrar will at least once every month perform a reconciliation process with the ICSDs (through the **CSP**) with respect to the IOA maintained by the ICSDs for the Covered Bonds and will promptly inform the ICSDs (through the **CSP**) of any discrepancies;
- (d) the Fiscal Agent and the Registrar will promptly assist the ICSDs (through the **CSP**) in resolving any discrepancy identified in the IOA of the Covered Bonds (in the case of NGNs) or in the records of the ICSDs reflecting the IOA (in the case of Covered Bonds held under the NSS);
- (e) the Fiscal Agent and the Registrar will promptly provide to the ICSDs (through the **CSP**) details of all amounts paid by it under the Covered Bonds (or, where the Covered Bonds provide for delivery of assets other than cash, of the assets so delivered);
- (f) the Fiscal Agent and the Registrar will (to the extent known to it) promptly provide to the ICSDs (through the **CSP**) notice of any changes to the Covered Bonds that will affect the amount of, or date for, any payment due under the Covered Bonds;
- (g) the Fiscal Agent and the Registrar will (to the extent known to it) promptly provide to the ICSDs (through the **CSP**) copies of all information that is given to the holders of the Covered Bonds;
- (h) the Fiscal Agent and the Registrar will promptly pass on to the Issuer all communications it receives from the ICSDs directly or through the **CSP** relating to the Covered Bonds; and
- (i) the Fiscal Agent and the Registrar will (to the extent known to it) promptly notify the ICSDs (through the **CSP**) of any failure by the Issuer to make any payment or delivery due under the Covered Bonds when due.