

CONFORMED COPY

AGENCY AGREEMENT

DATED 16 OCTOBER 2023

**ARION BANK HF.
as Issuer**

and

**CITIBANK, N.A., LONDON BRANCH
as Fiscal Agent and Registrar**

**€3,000,000,000
EURO MEDIUM TERM NOTE PROGRAMME**

ALLEN & OVERY

Allen & Overy LLP

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TABLE OF CONTENTS

Clause	Page
1. Definitions and Interpretation.....	4
2. Appointment of Agents	10
3. Issue of Global Notes	12
4. Exchange of Global Notes.....	14
5. Terms of Issue	16
6. Payments	17
7. Determinations and Notifications in respect of Notes and Interest Determination	19
8. Notice of any Withholding or Deduction	20
9. Other Duties of the Registrar.....	21
10. Duties of the Transfer Agents.....	23
11. Regulations for Transfers of Registered Notes.....	23
12. Duties of the Agents in connection with Early Redemption or a Non-Viability Event in the case of Subordinated Notes	23
13. Receipt and Publication of Notices	24
14. Cancellation of Notes, Coupons and Talons, and Writing-Down of Subordinated Notes	24
15. Issue of Replacement Notes, Coupons and Talons.....	25
16. Copies of Documents available for Inspection.....	26
17. Meetings of Noteholders	27
18. Commissions and Expenses	27
19. Indemnity.....	27
20. Responsibility of the Agents	27
21. Conditions of Appointment	28
22. Communications between the Parties.....	29
23. Changes in Agents.....	29
24. Merger and Consolidation	31
25. Notification of Changes to Agents	31
26. Change of Specified Office	31
27. Communications.....	32
28. Taxes and Stamp Duties	32
29. Amendments.....	33
30. Contracts (Rights of Third Parties) Act 1999.....	33
31. Whole Agreement.....	33
32. Governing Law and Submission to Jurisdiction.....	33
33. General	34
34. Recognition of Bail-In and Stay Powers	34

Schedule	Page
1. Terms and Conditions of the Notes	37
2. Form of Deed of Covenant	97
3. Form of Put Notice	102
4. Provisions for Meetings of Noteholders	104
5. Forms of Global and Definitive Notes, Coupons and Talons	113
6. Register and Transfer of Registered Notes	142
7. Additional Duties of The Fiscal Agent and the registrar	144
 Signatories	 145

THIS AGREEMENT is dated 16 October 2023

BETWEEN:

- (1) **ARION BANK HF.** (the **Issuer**); and
- (2) **CITIBANK, N.A., LONDON BRANCH** as fiscal agent (the **Fiscal Agent**, which expression shall include any successor fiscal agent appointed under clause 23 and, together with any further or other paying agents appointed from time to time in respect of the Notes, the **Paying Agents**), as registrar (the **Registrar**, which expression shall include any successor registrar appointed under clause 23) and as transfer agent (together with the Registrar, the **Transfer Agents**, which expression shall include any successor transfer agent appointed under clause 23).

IT IS AGREED:

1. DEFINITIONS AND INTERPRETATION

1.1 In this Agreement:

Agent means each of the Paying Agents and the Transfer Agents;

Authorised Signatory means any person who (i) is a Director or the Secretary of the Issuer or (ii) has been notified by the Issuer in writing to the Fiscal Agent as being duly authorised to sign documents and to do other acts and things on behalf of the Issuer for the purposes of this Agreement;

Bearer Global Note means a Temporary Bearer Global Note and/or a Permanent Bearer Global Note;

Bearer Notes means those of the Notes which are in bearer form;

CGN means a Temporary Bearer Global Note or a Permanent Bearer Global Note, in either case where the applicable Final Terms specify that the Notes are not in New Global Note form;

Clearstream, Luxembourg means Clearstream Banking S.A.;

Code means the US Internal Revenue Code of 1986;

Conditions means, in relation to the Notes of any Series, the terms and conditions endorsed on or incorporated by reference into the Note or Notes constituting the Series, the terms and conditions being in or substantially in the form set out in 30.3 or in such other form, having regard to the terms of the Notes of the relevant Series, as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer as completed by the applicable Final Terms;

Coupon means an interest coupon appertaining to a Definitive Bearer Note (other than a Zero Coupon Note), the coupon being:

- (a) if appertaining to a Fixed Rate Note, in the form or substantially in the form set out in Part 5 of Schedule 5 or in such other form, having regard to the terms of issue of the Notes of the relevant Series, as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer; or
- (b) if appertaining to a Floating Rate Note in the form or substantially in the form set out in Part 5 of Schedule 5 or in such other form, having regard to the terms of issue of the Notes of the

relevant Series, as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer;
or

- (c) if appertaining to a Definitive Bearer Note which is neither a Fixed Rate Note nor a Floating Rate Note, in such form as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer,

and includes, where applicable, the Talon(s) appertaining to the relevant Note and any replacements for Coupons and Talons issued pursuant to Condition 10;

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;

Definitive Bearer Note means a Bearer Note in definitive form issued or, as the case may require, to be issued by the Issuer in accordance with the provisions of the Programme Agreement or any other agreement between the Issuer and the relevant Dealer in exchange for all or (in the case of a Temporary Bearer Global Note) part of a Global Note in bearer form, the Definitive Bearer Note being in or substantially in the form set out in Part 4 of Schedule 5 with such modifications (if any) as may be agreed between the Issuer, the Fiscal 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 Note) having Coupons and, where appropriate, Talons attached to it on issue;

Definitive Notes means Definitive Bearer Notes and/or, as the context may require, Definitive Registered Notes; **Definitive Registered Note** means a Registered Note in definitive form issued or, as the case may require, to be issued by the Issuer in accordance with the provisions of the Programme Agreement or any other agreement between the Issuer and the relevant Dealer either on issue or in exchange for all of a Registered Global Note, the Registered Note in definitive form being in or substantially in the form set out in Part 7 of Schedule 5 with such modifications (if any) as may be agreed between the Issuer, the Fiscal 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;

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 NGN means an NGN which is intended to be held in a manner which 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);

Fixed Rate Note means a Note 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 Note means a Note 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 Note means a Temporary Bearer Global Note and/or a Permanent Bearer Global Note and/or a Registered Global Note, as the context may require;

ISD means the Icelandic Securities Depository Ltd.;

ISD Agent means Arion Bank hf. as the ISD system account manager and shall include any additional agent appointed by the Issuer from time to time in relation to the ISD Notes;

ISD Notes means Notes issued in uncertificated book entry form cleared through the ISD;

Issue Date means, in respect of any Note, the date of issue and purchase of the Note under clause 2 of the Programme Agreement or any other agreement between the Issuer and the relevant Dealer being, in the case of any Definitive Note represented initially by a Global Note, the same date as the date of issue of the Global Note which initially represented the Note;

NGN means a Temporary Bearer Global Note or a Permanent Bearer Global Note, in either case where the applicable Final Terms specify that the Notes are in New Global Note form;

Noteholders means the several persons who are for the time being the bearers of Notes; the registered holders of Registered Notes and the persons recorded as holders of ISD Notes in the ISD save that, in respect of the Notes of any Series, for so long as the Notes or any part of them are represented by a Global Note 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 Notes of the Series (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of the Notes 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 Notes (and the bearer or registered holder of the relevant Global Note shall be deemed not to be the holder) for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose the bearer or registered holder of the relevant Global Note shall be treated by the Issuer and any Agent as the holder of the Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder**, **holder of Notes** and related expressions shall be construed accordingly;

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

outstanding means, in relation to the Notes of any Series, all the Notes issued other than:

- (a) those Notes which have been redeemed and cancelled pursuant to the Conditions;
- (b) those Notes 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 Fiscal Agent in the manner provided in this Agreement (and where appropriate notice to that effect has been given to the Noteholders in accordance with the Conditions) and remain available for payment of the relevant Notes and/or Coupons;
- (c) those Notes which have been purchased and cancelled in accordance with the Conditions;

- (d) those Notes in respect of which claims have become prescribed under the Conditions;
- (e) those mutilated or defaced Notes 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 Notes outstanding and without prejudice to the status for any other purpose of the relevant Notes) those Notes 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 Bearer Global Note to the extent that it has been exchanged for Definitive Bearer Notes or a Permanent Bearer Global Note and any Permanent Bearer Global Note to the extent that it has been exchanged for Definitive Bearer Notes in each case under its provisions; and
- (h) any Registered Global Note to the extent that it has been exchanged for Definitive Registered Notes and any Definitive Registered Note to the extent it has been exchanged for an interest in a Registered Global Note,

provided that for the purpose of:

- (i) attending and voting at any meeting of the Noteholders of the Series, passing an Extraordinary Resolution (as defined in Schedule 4) in writing or an Extraordinary Resolution by way of electronic consents given through the relevant clearing systems as envisaged by Schedule 4; and
- (ii) determining how many and which Notes of the Series are for the time being outstanding for the purposes of Condition 14 and clauses 3, 4.1, 4.4 and 4.6 of Schedule 4,

those Notes (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 Bearer Global Note means a global note in the form or substantially in the form set out in Part 2 of Schedule 5 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 Bearer Notes of the same Series issued by the Issuer under the Programme Agreement or any other agreement between the Issuer and the relevant Dealer;

Principal Subsidiary has the meaning given in the Conditions. For the purposes of this definition:

- (a) if there shall not at any time be any relevant audited consolidated accounts of the Issuer and its Subsidiaries, references thereto herein shall be deemed to be references to a consolidation (which need not be audited) by the Issuer of the relevant audited accounts of the Issuer and its Subsidiaries;
- (b) if, in the case of a Subsidiary which itself has Subsidiaries, no consolidated accounts are prepared and audited, its consolidated gross revenues and consolidated total assets shall be determined on the basis of *pro forma* consolidated accounts (which need not be audited) of the relevant Subsidiary and its Subsidiaries prepared for this purpose by the Issuer;
- (c) if (i) any Subsidiary shall not in respect of any relevant financial period for whatever reason produce audited accounts or (ii) any Subsidiary shall not have produced at the relevant time for the calculations required pursuant to this definition audited accounts for the same period

as the period to which the latest audited consolidated accounts of the Issuer and its Subsidiaries relate, then there shall be substituted for the purposes of this definition the management accounts of such Subsidiary for such period;

- (d) where any Subsidiary is not wholly owned by the Issuer there shall be excluded from all calculations all amounts attributable to minority interests;
- (e) in calculating any amount all amounts owing by or to the Issuer and any Subsidiary to or by the Issuer and any Subsidiary shall be excluded; and
- (f) in the event that accounts of any companies being compared are prepared on the basis of different generally accepted accounting principles, there shall be made such adjustments to any relevant financial items as are necessary to achieve a true and fair comparison of such financial items.

A report by two Authorised Signatories that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Principal Subsidiary of the Issuer shall (in the absence of manifest error) be conclusive and binding on all parties;

Programme Agreement means the programme agreement dated 16 October 2023 between the Issuer and the Dealers named in it;

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 the case of a determination of NIBOR, the principal Oslo office of four major banks in the Norwegian inter-bank market, in the case of a determination of STIBOR, the principal Stockholm office of four major banks in the Swedish inter-bank market, in the case of a determination of REIBOR, the principal Reykjavik office of four major banks in the Icelandic inter-bank market and, in the case of a determination of CIBOR, the principal Copenhagen office of four major banks in the Danish inter-bank market, in each case selected by the Fiscal Agent in consultation with the Issuer;

Registered Notes means those of the Notes which are in registered form; Registered Global Note means a global note in or substantially in the form set out in Part 3 of Schedule 5 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 Notes of the same Series issued by the Issuer under the Programme Agreement or any other agreement between the Issuer and the relevant Dealer;

Series means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) 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 **Notes of the relevant Series** and **holders of Notes of the relevant Series** and related expressions shall be construed accordingly;

specified office of any Agent means the office specified or any other specified offices as may from time to time be duly notified pursuant to clause 26;

Specified Time means 11.00 a.m. (Brussels time, in the case of a determination of EURIBOR, Oslo time, in the case of of a determination of NIBOR, Stockholm time, in the case of a determination of STIBOR, Reykjavik time, in the case of of a determination of REIBOR or Copenhagen time, in the case of of a determination of CIBOR);

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

- (i) 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
- (ii) 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 Bearer Note (other than a Zero Coupon Note) which is exchangeable in accordance with its provisions for further Coupons appertaining to the Note, the talon being in or substantially in the form set out in Part 6 of Schedule 5 or in such other form as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer and includes any replacements for Talons issued pursuant to Condition 10;

Temporary Bearer Global Note means a global note in the form or substantially in the form set out in Part 1 of Schedule 5 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 Bearer Notes of the same Series issued by the Issuer under the Programme Agreement or any other agreement between the Issuer and the relevant Dealer;

Tranche means Notes which are identical in all respects (including as to listing); and

Zero Coupon Note means a Note 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 and, in all cases, includes its successors and assigns;
 - (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 Notes;
 - (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 document is a reference to that document as amended from time to time; and
 - (vii) 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 Notes 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 Notes shall, unless the context otherwise requires, include any Global Note representing the Notes.
- (f) All references in this Agreement to principal and/or interest or both in respect of the Notes or to any moneys payable by the Issuer under this Agreement shall be construed in accordance with Condition 5.
- (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 Notes 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 Part B of the applicable Final Terms.
- (i) All references in this Agreement to a Directive include any relevant implementing measure of each Member State of the European Economic Area which has implemented such Directive.

1.3 For the purposes of this Agreement, the Notes of each Series shall form a separate series of Notes and the provisions of this Agreement shall apply *mutatis mutandis* separately and independently to the Notes of each Series and in this Agreement the expressions **Notes**, **Noteholders**, **Coupons**, **Couponholders**, **Talons** and related expressions shall be construed accordingly.

1.4 As used herein, in relation to any Notes which are to have a “listing” or be “listed” (i) on the Luxembourg Stock Exchange, **listing** and **listed** shall be construed to mean that such Notes 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 (ii) on any other Stock Exchange within the European Economic Area, **listing** and **listed** shall be construed to mean that Notes 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 ISD Notes.

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 Bearer Global Notes and Permanent Bearer Global Notes and (if required) authenticating and delivering Definitive Bearer Notes;
- (b) giving effectuation instructions in respect of each Bearer Global Note which is a Eurosystem-eligible NGN;
- (c) giving effectuation instructions in respect of each Registered Global Note which is held under the NSS;
- (d) exchanging Bearer Temporary Global Notes for Permanent Bearer Global Notes or Definitive Bearer Notes, as the case may be, in accordance with the terms of Temporary Bearer Global Notes and, in respect of any such exchange, (i) making all notations on Global Bearer Notes

which are CGNs as required by their terms and (ii) instructing Euroclear and Clearstream, Luxembourg to make appropriate entries in their records in respect of all Global Notes in bearer form which are NGNs;

- (e) exchanging Permanent Bearer Global Notes for Definitive Bearer Notes in accordance with the terms of Permanent Bearer Global Notes and, in respect of any such exchange, (i) making all notations on Permanent Bearer Global Notes which are CGNs as required by their terms and (ii) instructing Euroclear and Clearstream, Luxembourg to make appropriate entries in their records in respect of all Permanent Bearer Global Notes which are NGNs;
- (f) paying sums due on Bearer Global Notes, Definitive Bearer Notes and Coupons and instructing Euroclear and Clearstream, Luxembourg to make appropriate entries in their records in respect of all Global Notes in bearer form which are NGNs;
- (g) exchanging Talons for Coupons in accordance with the Conditions;
- (h) determining the interest and/or other amounts payable in respect of the Notes in accordance with the Conditions;
- (i) arranging on behalf of and at the expense of the Issuer for notices to be communicated to the Noteholders in accordance with the Conditions;
- (j) 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 Notes to be issued under the Programme;
- (k) subject to the Procedures Memorandum, submitting to the relevant authority or authorities such number of copies of each Final Terms which relates to Notes which are to be listed as the relevant authority or authorities may require; and
- (l) performing all other obligations and duties imposed upon it by 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 Notes and Coupons and performing all other obligations and duties imposed upon it by 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 Notes and performing all the other obligations and duties imposed upon it by the Conditions and this Agreement.

2.4 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 Registered Global Notes and delivering Definitive Registered Notes;
- (b) paying sums due on Registered Notes; and
- (c) performing all the other obligations and duties imposed upon it by the Conditions, this Agreement and the Procedures Memorandum, including, without limitation, those set out in clause 9.

The Registrar may from time to time, subject to the prior written consent of the Issuer, delegate certain of its functions and duties set out in this Agreement to the Fiscal Agent.

- 2.5 In relation to (i) each issue of Eurosystem-eligible NGNs and (ii), each issue of Notes intended to be held under the NSS, the Issuer hereby authorises and instructs the Fiscal Agent to elect Euroclear/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.
- 2.6 The obligations of the Paying Agents under this Agreement are several and not joint.

3. ISSUE OF GLOBAL NOTES

- 3.1 Subject to subclause 3.4, following receipt by email of a copy of the applicable Final Terms signed by the Issuer, the Issuer authorises the Fiscal Agent and the Registrar and the Fiscal Agent and the Registrar agrees, to take the steps required of it in the Procedures Memorandum.
- 3.2 For the purpose of subclause 3.1, the Fiscal Agent will on behalf of the Issuer if specified in the applicable Final Terms that a Temporary Bearer Global Note will initially represent the Tranche of Notes:
- (a) prepare a Temporary Bearer Global Note by attaching a copy of the applicable Final Terms to a copy of the signed master Temporary Bearer Global Note;
 - (b) authenticate the Temporary Bearer Global Note;
 - (c) deliver the Temporary Bearer Global Note to the specified common depository (if the Temporary Bearer Global Note is a CGN) or specified common safekeeper (if the Temporary Bearer Global Note is a NGN) for Euroclear and Clearstream, Luxembourg and, in the case of a Temporary Bearer Global Note which is a Eurosystem-eligible NGN, instruct the common safekeeper to effectuate the same;
 - (d) ensure that the Notes 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 Notes 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 Bearer Global Note is a NGN, 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 Notes.
- 3.3 For the purpose of subclause 3.1, the Fiscal Agent will on behalf of the Issuer if specified in the applicable Final Terms that a Permanent Bearer Global Note will represent the Notes on issue:
- (a) in the case of the first Tranche of any Series of Notes, prepare a Permanent Bearer Global Note by attaching a copy of the applicable Final Terms to a copy of the master Permanent Bearer Global Note;
 - (b) in the case of the first Tranche of any Series of Notes, authenticate the Permanent Bearer Global Note;

- (c) in the case of the first Tranche of any Series of Notes, deliver the Permanent Bearer Global Note to the specified common depositary (if the Permanent Bearer Global Note is a CGN) or specified common safekeeper (if the Permanent Bearer Global Note is a NGN) for Euroclear and/or Clearstream, Luxembourg and, in the case of a Permanent Bearer Global Note which is a Eurosystem-eligible NGN, instruct the common safekeeper to effectuate the same;
- (d) if the Permanent Bearer Global Note is a NGN, 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 Notes;
- (e) in the case of a subsequent Tranche of any Series of Notes deliver the applicable Final Terms to the specified common depositary or common safekeeper, as the case may be, for attachment to the Permanent Bearer Global Note and, in the case where the Permanent Global Note is a CGN, make all appropriate entries on the relevant Schedule to the Permanent Bearer Global Note to reflect the increase in its nominal amount or, in the case where the Permanent Bearer Global Note is a NGN, 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 Notes 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 Notes 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 subclause 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 Registered Global Note will represent the Notes on issue:

- (a) (in the case of the Registrar) prepare a Registered Global Note by attaching a copy of the applicable Final Terms to a copy of the relevant signed master Registered Global Note;
- (b) (in the case of the Registrar) authenticate (or procure the authentication of) the relevant Registered Global Note;
- (c) (in the case of the Registrar) deliver in the case of a Registered Global Note 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 Note to the specified common depositary or common safekeeper for Euroclear and Clearstream, Luxembourg and in the case of a Registered Global Note which is held under the NSS, to instruct the common safekeeper to effectuate the same upon such delivery to destroy any original authenticated physical copy of such Registered Global Note and authorise the electronic safekeeping thereof; and
- (d) (in the case of the Fiscal Agent) ensure that the Notes 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 Notes 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 Bearer Global Note duly executed by a person or persons duly authorised to execute the same on behalf of the Issuer, which may be used by the Fiscal Agent for the

purpose of preparing Temporary Bearer Global Notes in accordance with subclause 3.2 and clause 4;

- (b) a master Permanent Bearer Global Note duly executed by a person or persons duly authorised to execute the same on behalf of the Issuer, which may be used by the Fiscal Agent for the purpose of preparing Permanent Bearer Global Notes in accordance with subclause 3.3 and clause 4;
- (c) a master Registered Global Note 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 Registered Global Note in accordance with subclause 3.4; and
- (d) signed copies of the applicable Final Terms.

3.6 The Issuer undertakes to ensure that the Fiscal Agent receives copies of each document specified in subclause 3.4 in a timely manner.

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

4. EXCHANGE OF GLOBAL NOTES

4.1 The Fiscal Agent shall determine the Exchange Date for each Temporary Bearer Global Note in accordance with its terms. As soon as reasonably practicable after determining any Exchange Date, the Fiscal Agent shall notify its determination to the Issuer, the other Agents, the relevant Dealer, Euroclear and Clearstream, Luxembourg.

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

- (a) in the case of the first Tranche of any Series of Notes, to prepare and complete a Permanent Bearer Global Note in accordance with the terms of the Temporary Bearer Global Note applicable to the Tranche by attaching a copy of the applicable Final Terms to a copy of the master Permanent Bearer Global Note;
- (b) in the case of the first Tranche of any Series of Notes, to authenticate the Permanent Bearer Global Note;
- (c) in the case of the first Tranche of any Series of Notes if the Permanent Bearer Global Note is a CGN, to deliver the Permanent Bearer Global Note to the common depositary which is holding the Temporary Bearer Global Note 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 Bearer Global Note;
- (d) in the case of the first Tranche of any Series of Notes if the Permanent Bearer Global Note is a NGN, to deliver the Permanent Bearer Global Note to the common safekeeper which is holding the Temporary Bearer Global Note representing the Tranche for the time being on behalf of Euroclear and/or Clearstream, Luxembourg to effectuate (in the case of a Permanent Bearer Global Note which is a Eurosystem-eligible NGN) and to hold on behalf of the Issuer pending its exchange for the Temporary Bearer Global Note;

- (e) in the case of a subsequent Tranche of any Series of Notes if the Permanent Bearer Global Note is a CGN, to attach a copy of the applicable Final Terms to the Permanent Bearer Global Note applicable to the relevant Series and to enter details of any exchange in whole or part; and
 - (f) in the case of a subsequent Tranche of any Series of Notes if the Permanent Bearer Global Note is a NGN, to deliver the applicable Final Terms to the specified common safekeeper for attachment to the Permanent Bearer Global Note applicable to the relevant Series.
- 4.3 Where a Global Note is to be exchanged for Definitive Notes 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 Notes in accordance with the provisions of this Agreement; and
 - (b) to deliver the Definitive Notes (in the case of Definitive Bearer Notes) to or to the order of Euroclear and/or Clearstream, Luxembourg and (in the case of Definitive Registered Notes) as the Registrar may be directed by the holder of the Definitive Registered Notes.
- 4.4 Upon any exchange of all or a part of an interest in a Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for Definitive Bearer Notes or upon any exchange of all of an interest in a Permanent Bearer Global Note for Definitive Bearer Notes, the Fiscal Agent shall (i) procure that the relevant Global Note shall, if it is a CGN, 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 Bearer Global Note 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 Bearer Global Note or (ii) in the case of any Bearer Global Note which is a NGN, 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 Note shall in all respects be entitled to the same benefits under this Agreement as the holder of Definitive Bearer Notes 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 (a) in the case of any Bearer Global Note which is a CGN, to endorse or to arrange for the endorsement of the relevant Bearer Global Note to reflect the reduction in the nominal amount represented by it by the amount so exchanged and, if appropriate, to endorse the Permanent Bearer Global Note 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 Note recording the exchange and reduction or increase, (b) in the case of any Bearer Global Note which is a NGN, to instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records to reflect such exchange and (c) in the case of a total exchange, to cancel or arrange for the cancellation of the relevant Bearer Global Note.
- 4.5 Upon any exchange of the] Registered Global Note for Definitive Registered Notes, the relevant Registered Global Note(s) shall be presented to the Registrar. The Registrar is authorised on behalf of the Issuer to (a) make all appropriate entries in the Register reflecting the reduction in the nominal amount represented by the relevant Registered Global Note(s) and (b) to cancel or arrange for the cancellation of the relevant Registered Global Note.
- 4.6 The Fiscal Agent or the Registrar, as the case may be, shall notify the Issuer as soon as reasonably practicable after it receives a request for the issue of Definitive Notes in accordance with the provisions of a Global Note and the aggregate nominal amount of the Global Note to be exchanged.
- 4.7 The Issuer undertakes to deliver to the Fiscal Agent and the Registrar sufficient numbers of executed Definitive Notes with, in the case of Definitive Bearer Notes if applicable, Coupons and Talons

attached, to enable each of the Fiscal Agent and the Registrar to comply with its obligations under this Agreement.

5. TERMS OF ISSUE

- 5.1 Each of the Fiscal Agent and the Registrar shall cause all Notes delivered to and held by it under this Agreement to be maintained in safe custody and shall ensure that Notes are issued only in accordance with the provisions of this Agreement, the Conditions and, where applicable, the relevant Global Notes.
- 5.2 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 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, subclause 21.7, 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.
- 5.3 In the event that a person who has signed a master Global Note or master Definitive Registered Note 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 subclause 21.7, each of the Fiscal Agent and the Registrar shall (unless the Issuer gives notice to the Fiscal Agent or the Registrar, as the case may be, that Notes 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 Notes signed by that person, and the Issuer warrants to each of the Fiscal Agent and the Registrar that those Notes 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 Bearer Global Notes Permanent Bearer Global Notes and shall provide the Registrar with replacement master Registered Global Notes and Definitive Registered Notes and the Fiscal Agent and the Registrar, as the case may be, shall, upon receipt of such replacements, cancel and destroy the master Global Notes held by them which are signed by that person and shall provide the Issuer with a certificate of destruction, specifying the master Global Notes so cancelled and destroyed.
- 5.4 This clause only applies when following the settlement procedures set out in Part 1 and Part 2 of Annex 1 of the Procedures Memorandum. If the Fiscal Agent pays an amount (the **Advance**) to the Issuer on the basis that a payment (the **Payment**) has been or will be received from a Dealer and if the Payment is not received by the Fiscal Agent on the date the Fiscal Agent pays the Issuer, the Issuer shall repay to the Fiscal Agent the Advance and shall pay interest on the Advance (or the unreimbursed portion thereof) from (and including) the date the Advance is made to (but excluding) the earlier of repayment of the Advance or receipt by the Fiscal Agent of the Payment at a rate quoted at that time by the Fiscal Agent as its cost of funding the Advance provided that evidence of the basis of such rate is given to the Issuer. For the avoidance of doubt, the Fiscal Agent shall not be obliged to pay any Advance or any other amount to the Issuer if it has not received satisfactory confirmation that it is to receive the amount from a Dealer.
- 5.5 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 Notes being issued, if on the Issue Date a Dealer does not pay the full purchase price due from it in respect of any Note (the **Defaulted Note**) and, as a result, the Defaulted Note 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 Note to the order of the Issuer. The Fiscal Agent shall notify the Issuer as soon as reasonably practicable of the failure of the Dealer to pay the full purchase price due from it in respect

of any Defaulted Note and, subsequently, shall (a) notify the Issuer as soon as reasonably practicable on receipt from the Dealer of the full purchase price in respect of any Defaulted Note and (b) pay to the Issuer the amount so received.

6. PAYMENTS

6.1 The Issuer will, before 10.00 a.m. (local time in the relevant financial centre of the payment or, in the case of a payment in euro, London time), on each date (or by such earlier time as the Fiscal Agent and the Issuer may agree) on which any payment in respect of any Note becomes due under the Conditions, transfer to an account specified by the Fiscal Agent an amount 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.

6.2 Any funds paid by or by arrangement with the Issuer to the Fiscal Agent under subclause 6.1 shall be held in the relevant account referred to in subclause 6.1 for payment to the Noteholders or Couponholders, as the case may be, until any Notes or matured Coupons become void under Condition 8. 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 Notes or Coupons.

6.3 The Issuer will ensure that no later than 10.00 a.m. (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 subclause 6.1, the Fiscal Agent shall receive a payment confirmation by email or authenticated SWIFT message from the paying bank of the Issuer. For the purposes of this subclause, **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.

6.4 The Fiscal Agent shall notify each of the other Paying Agents and the Registrar as soon as reasonably practicable:

- (a) if it has not by the relevant date set out in subclause 6.1 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 Notes or Coupons after that date.

The Fiscal Agent shall, at the expense of the Issuer, as soon as reasonably practicable on receiving any amount as described in subclause 6.4(b), cause notice of that receipt to be published under Condition 13.

6.5 The Fiscal Agent shall ensure that payments of both principal and interest in respect of a Temporary Bearer Global Note 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 Bearer Global Note.

6.6 Unless it has received notice under subclause 6.4(a), each Paying Agent shall pay or cause to be paid all amounts due in respect of the Notes on behalf of the Issuer in the manner provided in the Conditions. If any payment provided for in subclause 6.1 is made late but otherwise in accordance with the provisions of this Agreement, the relevant Paying Agent shall nevertheless make payments in respect of the Notes as stated above following receipt by it of such payment.

6.7 If for any reason the Fiscal Agent considers in its sole discretion that the amounts to be received by it under subclause 6.1 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 Notes, no Paying Agent shall be obliged to pay any such claims until the Fiscal Agent has received the full amount of all such payments.

- 6.8 Without prejudice to subclauses 6.6 and 6.7, if the Fiscal Agent pays any amounts to the holders of Notes or Coupons or to any other Paying Agent at a time when it has not received payment in full in respect of the relevant Notes in accordance with subclause 6.1 (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 subclause 6.1, 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.
- 6.9 The Fiscal Agent shall on demand promptly reimburse each other Paying Agent for payments in respect of Notes 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 Notes, that the Fiscal Agent does not expect to receive sufficient funds to make payment of all amounts falling due in respect of the Notes.
- 6.10 Whilst any Notes are represented by Global Notes, all payments due in respect of the Notes shall be made to, or to the order of, the holder of the Global Notes, subject to and in accordance with the provisions of the Global Notes. On the occasion of each payment, (i) in the case of a Bearer Global Note which is a CGN, the Paying Agent to which such Bearer Global Note was presented for the purpose of making the payment shall cause the appropriate Schedule to the relevant Bearer Global Note to be annotated so as to evidence the amounts and dates of the payments of principal and/or interest as applicable or (ii) in the case of any Bearer Global Note which is a NGN or any Registered Global Note which is held under the NSS, the Fiscal Agent shall instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records to reflect such payment.
- 6.11 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 Note not being received), (i) the Paying Agent to which a Bearer Note or Coupon (as the case may be) is presented for the purpose of making the payment shall, unless the Note is a NGN, make a record of the shortfall on the relevant Bearer Note or Coupon or, in the case of payments of interest on Registered Notes, the Registrar shall make a record in the 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 (ii) in the case of any Bearer Global Note which is a NGN, 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 Note 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.
- 6.12 Notwithstanding any other provision of this Agreement, each Agent shall be entitled to make a withholding or deduction from any payment which it makes under any Notes for or on account of any Tax, if and only to the extent so required by Applicable Law, in which event such Agent shall make such payment after such withholding or deduction has been made and shall account to the relevant Authority within the time allowed for the amount so withheld or deducted or, at its option, shall reasonably promptly after making such payment return to the Issuer the amount so withheld or deducted, in which case, the Issuer shall so account to the relevant Authority for such amount. For the avoidance of doubt, FATCA Withholding is a withholding or deduction which is deemed to be required by Applicable Law for the purposes of this subclause 6.12. In this subclause 6.12 and subclause 6.13, **Applicable Law** means any law or regulation, **Authority** means any competent regulatory, prosecuting, Tax or governmental authority in any jurisdiction and **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.

- 6.13 If, the Issuer determines in its sole discretion that any withholding or deduction for or on account of any Tax will be required by Applicable Law in connection with any payment due on any Notes, then the Issuer will be entitled to re-direct or reorganise any such payment in any way that it sees fit in order that the payment may be made without such withholding or deduction provided that any such re-directed or reorganised payment is made through a recognised institution of international standing and such payment is otherwise made in accordance with this Agreement. The Issuer will promptly notify the Fiscal Agent of any such redirection or reorganisation. For the avoidance of doubt, FATCA Withholding is a withholding or deduction which is deemed to be required by Applicable Law for the purposes of this subclause 6.13.

7. DETERMINATIONS AND NOTIFICATIONS IN RESPECT OF NOTES AND INTEREST DETERMINATION

7.1 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 Notes, other than ISD Notes, listed on a Stock Exchange) the relevant Stock Exchange by 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, it shall as soon as reasonably practicable notify the Issuer and the other Paying Agents of that fact.

7.2 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 as at the Specified Time 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. If five or more offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one highest quotation, one only of those quotations) and the lowest (or, if there is more than one lowest quotation, one only of those quotations) shall be disregarded by the Fiscal Agent for the purpose of determining the arithmetic mean (rounded as provided above) of the offered quotations.

- (b) If the Relevant Screen Page is not available or if, in the case of subclause 7.2(a)(i), no offered quotation appears or, in the case of subclause 7.2(a)(ii), fewer than three offered quotations appear, in each case as at the Specified Time, the Fiscal Agent shall request each of the Reference Banks to provide the Fiscal 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 Fiscal 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 Fiscal Agent.
- (c) If on any Interest Determination Date one only or none of the Reference Banks provides the Fiscal 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 Fiscal 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 Fiscal 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), the Norwegian inter-bank market (if the Reference Rate is NIBOR), the Swedish inter-bank market (if the Reference Rate is STIBOR), the Icelandic inter-bank market (if the Reference Rate is REIBOR) or the Danish inter-bank market (if the Reference Rate is CIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Fiscal 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 Fiscal Agent it is quoting to leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR), the Norwegian inter-bank market (if the Reference Rate is NIBOR), the Swedish inter-bank market (if the Reference Rate is STIBOR), the Icelandic inter-bank market (if the Reference Rate is REIBOR) or the Danish inter-bank market (if the Reference Rate is CIBOR) 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).

8. NOTICE OF ANY WITHHOLDING OR DEDUCTION

- 8.1 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 either of them shall require to enable it to comply with the requirement.

- 8.2 Without prejudice to subclause 8.1 the Issuer shall notify the Fiscal Agent in the event that it determines that any payment to be made by any Agent under any Notes 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 subclause 8.2 shall apply only to the extent that such payments are so treated by virtue of characteristics of the Issuer, such Notes, or both.
- 8.3 If any Paying Agent is, in respect of any payment of principal or interest in respect of the Notes, compelled to withhold or deduct any amount for or on account of any taxes, duties, assessments or governmental charges as specifically contemplated under the Conditions, other than a deduction or withholding in respect of which the Issuer is obliged to notify it under subclauses 8.1 or 8.2 or by virtue of the relevant holder failing to satisfy any certification or other requirement in respect of its Notes, it shall give notice of that fact to the Issuer and the Fiscal Agent as soon as it becomes aware of the compulsion to withhold or deduct and may withhold or deduct such amounts in accordance with the relevant requirement by which it is compelled to do so.

9. OTHER DUTIES OF THE REGISTRAR

- 9.1 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.
- 9.2 The Registrar shall so long as any Registered Note is outstanding:
- (a) maintain at its specified office a register (the **Register**) of the holders of the Registered Notes which shall show (i) the nominal amount of Notes represented by each Registered Global Note, (ii) the nominal amounts and the serial numbers of the Definitive Registered Notes, (iii) the dates of issue of all Registered Notes, (iv) all subsequent transfers and changes of ownership of Registered Notes, (v) the names and addresses of the holders of the Registered Notes, (vi) all cancellations of Registered Notes, whether because of their purchase by the Issuer, replacement or otherwise and (vii) all replacements of Registered Notes (subject, where appropriate, in the case of (vi), to the Registrar having been notified as provided in this Agreement);
 - (b) effect exchanges of interests in Registered Global Notes for Definitive Registered Notes, 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 Notes;
 - (d) receive any document in relation to or affecting the title to any of the Registered Notes including all forms of transfer, forms of exchange, probates, letters of administration and powers of attorney;
 - (e) 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 Notes for transfer (together with any certifications required by it including, but not limited to, a Transfer Certificate) or (ii) following reduction in nominal amount of a Registered Global Note on exchange into Definitive Registered Notes, 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 Notes of a like aggregate nominal amount to the Definitive Registered Notes transferred and, in the case of the transfer of part only of a Definitive

Registered Note, 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 Note in respect of the balance of the Definitive Registered Notes not so transferred;

- (f) if appropriate, charge to the holder of a Registered Note presented for exchange or transfer (i) the costs or expenses (if any) of delivering Registered Notes 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;
- (g) maintain proper records of the details of all documents and certifications received by itself or any other Transfer Agent (subject to receipt of all necessary information from the other Transfer Agents);
- (h) prepare any lists of holders of the Registered Notes required by the Issuer or the Fiscal Agent or any person authorised by either of them;
- (i) subject to applicable laws and regulations at all reasonable times during office hours make the Register available to the Issuer or any person authorised by it or the holder of any Registered Note for inspection and for the taking of copies or extracts;
- (j) comply with the reasonable requests of the Issuer with respect to the maintenance of the Register and give to the other Agents any information reasonably required by them for the proper performance of their duties; and
- (k) comply with the terms of any duly executed form of transfer.

9.3 Notwithstanding anything to the contrary in this Agreement, in the event of a partial redemption of Notes under Condition 6, the Registrar shall not be required, unless so directed by the Issuer, (a) to register the transfer of Definitive Registered Notes (or parts of Definitive Registered Notes) or to effect exchanges of interests in Registered Global Notes for Definitive Registered Notes during the period beginning on the sixty-fifth day before the date of the partial redemption and ending on the day on which notice is given specifying the serial numbers of Notes called (in whole or in part) for redemption (both inclusive) or (b) to register the transfer of any Registered Note (or part of a Registered Note) called for partial redemption.

9.4 Registered Notes shall be dated:

- (a) in the case of a Registered Note issued on the Issue Date, the Issue Date; or
- (b) in the case of a Definitive Registered Note issued in exchange for an interest in a Registered Global Note, or upon transfer, with the date of registration in the Register of the exchange or transfer; or
- (c) in the case of a Definitive Registered Note issued to the transferor upon transfer in part of a Registered Note, with the same date as the date of the Registered Note transferred; or
- (d) in the case of a Definitive Registered Note issued under Condition 10, with the same date as the date of the lost, stolen, mutilated, defaced or destroyed Registered Note in replacement of which it is issued.

10. DUTIES OF THE TRANSFER AGENTS

10.1 The Transfer Agents 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.

10.2 Each Transfer Agent shall:

- (a) accept Registered Notes delivered to it, with the form of transfer on them duly executed, for the transfer or exchange of all or part of the Registered Note in accordance with the Conditions, and shall, in each case, give to the Registrar all relevant details required by it;
- (b) 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 Notes for transfer (together with any certifications required by it) or (ii) following reduction in the nominal amount of a Registered Global Note on exchange into Definitive Registered Notes, 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 Notes of a like aggregate nominal amount to the Definitive Registered Notes transferred and, in the case of the transfer of part only of a Definitive Registered Note, 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 Note in respect of the balance of the Definitive Registered Notes not so transferred;
- (c) if appropriate, charge to the holder of a Registered Note presented for exchange or transfer (i) the costs and expenses (if any) of delivering Registered Notes 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
- (d) at the request of any Paying Agent deliver new Registered Notes to be issued on partial redemptions of a Registered Note.

11. REGULATIONS FOR TRANSFERS OF REGISTERED NOTES

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 Notes. The initial regulations, which shall apply until amended under this clause, are set out in Schedule 6. The Transfer Agents agree to comply with the regulations as amended from time to time.

12. DUTIES OF THE AGENTS IN CONNECTION WITH EARLY REDEMPTION OR A NON-VIABILITY EVENT IN THE CASE OF SUBORDINATED NOTES

12.1 If the Issuer decides to redeem any Notes for the time being outstanding before their Maturity Date in accordance with the Conditions, or, in the case of Subordinated Notes, a Non-Viability Event occurs, the Issuer shall (i) in the case of a redemption of any Notes, give notice of the decision to the Fiscal Agent and, in the case of redemption of Registered Notes, the Registrar stating the date on which the Notes are to be redeemed and the nominal amount of Notes to be redeemed not less than 15 days before the date on which the Issuer will give notice to the Noteholders in accordance with the Conditions of the redemption and (ii) upon the occurrence of a Non-Viability Event in the case of Subordinated Notes, give notice to the Fiscal Agent of the aggregate nominal amount of the Notes which have been Written-Down as soon as practicable, in order to enable the Fiscal Agent and, if applicable, the Registrar in each case to carry out its duties in this Agreement and in the Conditions.

- 12.2 If some only of the Notes are to be redeemed, the Fiscal Agent shall, in the case of Definitive Notes, 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 Notes in global form, co-ordinate the selection of Notes to be redeemed with Euroclear and Clearstream, Luxembourg, all in accordance with the Conditions.
- 12.3 The Fiscal Agent shall publish the notice required in connection with any redemption or any Non-Viability Event Notice, as applicable, and shall, if applicable in the case of such redemption, at the same time also publish a separate list of the serial numbers of any Notes 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 Notes, the serial numbers of the Notes to be redeemed. Any such notice will be published in accordance with the Conditions. The Fiscal Agent will also notify the other Paying Agents of any date fixed for redemption of any Notes and of any Non-Viability Event in the case of Subordinated Notes.

13. RECEIPT AND PUBLICATION OF NOTICES

- 13.1 As soon as reasonably practicable after it receives a demand or notice from any Noteholder in accordance with the Conditions, the Fiscal Agent shall forward a copy to the Issuer.
- 13.2 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 Noteholders in accordance with the Conditions.

14. CANCELLATION OF NOTES, COUPONS AND TALONS, AND WRITING-DOWN OF SUBORDINATED NOTES

- 14.1 All Notes which are redeemed, all Global Notes which are exchanged in full, all Subordinated Notes which have been Written-Down in full in accordance with Condition 7.1, all Registered Notes which have transferred, all Coupons which are paid and all Talons which are exchanged shall be cancelled by the Paying Agent by which they are redeemed, exchanged, Written-Down, transferred or paid. In addition, the Issuer shall as soon as reasonably practicable notify the Fiscal Agent in writing of all Notes which are purchased on behalf of the Issuer or any of its Subsidiaries and all such Notes surrendered to a Paying Agent for cancellation, together (in the case of Definitive Bearer Notes) with all unmatured Coupons or Talons (if any) attached to them or surrendered with them, shall be cancelled by the Paying Agent to which they are surrendered. Each of the Paying Agents shall give to the Fiscal Agent details of all payments made by it and shall deliver all cancelled Notes, Coupons and Talons to the Fiscal Agent or as the Fiscal Agent may specify.
- 14.2 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, Write-Down in the case of Subordinated Notes, cancellation or replacement, as the case may be, a certificate stating:
- (a) the aggregate nominal amount of Notes which have been redeemed and the aggregate amount paid in respect of them;
 - (b) the aggregate nominal amount of Subordinated Notes which have been Written-Down;
 - (c) the number of Notes cancelled together (in the case of Bearer Notes in definitive form) with details of all unmatured Coupons or Talons attached to them or delivered with them;
 - (d) the aggregate amount paid in respect of interest on the Notes;

- (e) the total number by maturity date of Coupons and Talons cancelled; and
- (f) (in the case of Definitive Notes) the serial numbers of the Notes.

- 14.3 The Fiscal Agent shall destroy all cancelled Notes, Coupons and Talons and, as soon as reasonably practicable following their destruction, upon the written request of the Issuer, send to the Issuer a certificate stating the serial numbers of the Notes (in the case of Notes in definitive form) and the number by maturity date of Coupons and Talons destroyed.
- 14.4 Without prejudice to the obligations of the Fiscal Agent under subclause 14.2, the Fiscal Agent shall keep a full and complete record of all Notes, Coupons and Talons (other than serial numbers of Coupons) and of their redemption, Write-Down in the case of Subordinated Notes, 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 Notes, Coupons or Talons issued in substitution for mutilated, defaced, destroyed, lost or stolen Notes, Coupons or Talons. The Fiscal Agent shall in respect of the 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.
- 14.5 The Fiscal Agent is authorised by the Issuer and instructed to (a) in the case of any Bearer Global Note which is a CGN, to endorse or to arrange for the endorsement of the relevant Bearer Global Note to reflect the reduction in the nominal amount represented by it by the amount so redeemed or purchased and cancelled, or Written-Down in the case of Subordinated Notes and (b) in the case of any Bearer Global Note which is a NGN and in the case of any Registered Global Note 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 or Write-Down, as the case may be; provided, that, in the case of a purchase or cancellation, or Write-Down in the case of Subordinated Notes, the Issuer has notified the Fiscal Agent of the same in accordance with subclause 14.1.

15. ISSUE OF REPLACEMENT NOTES, COUPONS AND TALONS

- 15.1 The Issuer will cause a sufficient quantity of additional forms of (a) Bearer Notes, Coupons and Talons to be available, upon request, to the Fiscal Agent at its specified office for the purpose of issuing replacement Bearer Notes, Coupons and Talons as provided below and (b) Registered Notes, to be available, upon request, to the Registrar at its specified office for the purpose of issuing replacement Registered Notes as provided below.
- 15.2 The Fiscal Agent and the Registrar will, subject to and in accordance with the Conditions and this clause, cause to be delivered any replacement Notes, Coupons and Talons which the Issuer may determine to issue in place of Notes, Coupons and Talons which have been lost, stolen, mutilated, defaced or destroyed.
- 15.3 In the case of a mutilated or defaced Bearer Note, the Fiscal Agent shall ensure that (unless otherwise covered by such indemnity as the Issuer may reasonably require) any replacement Bearer Note will only have attached to it Coupons and Talons corresponding to those (if any) attached to the mutilated or defaced Note which is presented for replacement.

- 15.4 The Fiscal Agent and the Registrar, as the case may be, shall obtain verification in the case of an allegedly lost, stolen or destroyed Note, Coupon or Talon in respect of which the serial number is known, that the Note, 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 issue any replacement Note, 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 Note, Coupon or Talon, surrendered it to the Fiscal Agent or, as the case may be, the Registrar.
- 15.5 The Fiscal Agent or, as the case may be, the Registrar shall cancel any mutilated or defaced Notes, Coupons and Talons in respect of which replacement Notes, Coupons and Talons have been issued under this clause and shall furnish the Issuer with a certificate stating the serial numbers of the Notes, Coupons and Talons cancelled and, unless otherwise instructed by the Issuer in writing, shall destroy the cancelled Notes, Coupons and Talons and give to the Issuer a destruction certificate containing the information specified in subclause 11.4.
- 15.6 The Fiscal Agent or, as the case may be, the Registrar shall, on issuing any replacement Note, Coupon or Talon, as soon as reasonably practicable inform the Issuer and the other Paying Agents of the serial number of the replacement Note, Coupon or Talon issued and (if known) of the serial number of the Note, Coupon or Talon in place of which the replacement Note, Coupon or Talon has been issued. Whenever replacement Coupons or Talons are issued, the Fiscal Agent shall also notify the other Paying Agents of the maturity dates of the lost, stolen, mutilated, defaced or destroyed Coupons or Talons and of the replacement Coupons or Talons issued.
- 15.7 The Fiscal Agent and the Registrar shall keep a full and complete record of all replacement Notes, 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.
- 15.8 Whenever any Bearer Note, Coupon or Talon for which a replacement Bearer Note, 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 as soon as reasonably practicable send notice of that fact to the Issuer and the other Paying Agents.
- 15.9 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.

16. 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 Notes. 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 Noteholder copies of all documents required to be so available by the Conditions of any Notes, following the Noteholder's prior written request and provision of proof of holding and identity (in a form satisfactory to the relevant Paying Agent).

17. MEETINGS OF NOTEHOLDERS

- 17.1 The provisions of Schedule 4 shall apply to meetings of the Noteholders and shall have effect in the same manner as if set out in this Agreement.
- 17.2 Without prejudice to subclause 17.1, each of the Paying Agents on the request of any holder of Notes shall issue voting certificates and block voting instructions in accordance with Schedule 4 and shall as soon as reasonably practicable 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.

18. COMMISSIONS AND EXPENSES

- 18.1 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, cable and advertising expenses) incurred by the Agents in connection with their services.
- 18.2 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.

19. INDEMNITY

- 19.1 The Issuer shall indemnify each of the Agents 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 or bad faith or that of its officers, directors or employees or the breach by it of the terms of this Agreement (unless such breach is outside of the reasonable control of the relevant Agent).
- 19.2 Each Agent shall severally indemnify the Issuer against any Losses (including, but not limited to, all reasonable Expenses paid or incurred in disputing or defending any Losses) which the Issuer may incur or which may be made against the Issuer as a result of the breach by the Agent of the terms of this Agreement (unless such breach is outside of the reasonable control of the relevant Paying Agent) or its wilful default, negligence or bad faith or that of its officers, directors or employees.
- 19.3 The indemnities set out above shall survive any termination of this Agreement.

20. RESPONSIBILITY OF THE AGENTS

- 20.1 No Agent shall be responsible to anyone with respect to the validity of this Agreement or the Notes or Coupons or for any act or omission by it in connection with this Agreement or any Note or Coupon except for its own negligence, wilful default or bad faith, including that of its officers and employees.
- 20.2 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 Noteholder or Couponholder, with respect to such default, provided however that as soon as

reasonably practicable on receiving any notice given by a Noteholder in accordance with Condition 9, the Fiscal Agent notifies the Issuer of the fact and furnishes it with a copy of the notice.

- 20.3 Whenever in the performance of its duties under this Agreement an Agent shall deem it desirable that any matter be established by the Issuer prior to taking or suffering any action under this Agreement, the matter may be deemed to be conclusively established by a certificate signed by the Issuer and delivered to the Agent and the certificate shall be a full authorisation to the Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon the certificate.

21. CONDITIONS OF APPOINTMENT

- 21.1 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;
- (b) that it shall not be liable to account to the Issuer for any interest on the money;
- (c) that it shall not be required to segregate such money except as required by law; and
- (d) that it shall not be subject to the UK FCA Client Money Rules (set out in chapter 7 of the CASS Sourcebook of the FCA Handbook of Rules and Guidance).

- 21.2 In acting under this Agreement and in connection with the Notes, 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 Notes, Coupons or Talons.

- 21.3 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 7 in the case of the Fiscal Agent and the Registrar), the Conditions and the Procedures Memorandum, 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 and the Registrar to perform the duties set out in Schedule 7 becomes known to it, it will promptly provide such information to the Fiscal Agent and the Registrar.

- 21.4 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.

- 21.5 Each Agent shall be protected and shall incur no liability in respect of any action taken, omitted or suffered in reliance on any instruction 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.

- 21.6 Any Agent and its officers, directors and employees may become the owner of, and/or acquire any interest in, any Notes, 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 Notes or Coupons or in connection with any other obligations of the Issuer as freely as if the Agent were not appointed under this Agreement.

- 21.7 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 as soon as reasonably practicable 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.

- 21.8 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 Note or Coupon and the registered holder of any Registered Note 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).
- 21.9 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.
- 21.10 No Agent shall be liable for consequential or indirect loss of any kind, including, but not limited to loss of business, goodwill, opportunity or profit.
- 21.11 Each Agent is entitled to do nothing, without liability, if conflicting, unclear or equivocal instructions are received.
- 21.12 Each party to this Agreement 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 Notes 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 subclause 21.12 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 the purposes of this subclause 21.12, **Applicable Law** shall be deemed to include (i) any rule or practice of any Authority by which any party to this Agreement 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 to this Agreement that is customarily entered into by institutions of a similar nature. In this subclause 21.12 **Authority** shall have the meaning set out in subclause 6.12.
- 21.13 None of the Agents shall have any obligation or duty (i) to monitor or inquire as to the performance of the Issuer of its obligations under the Notes, this Agreement or any other relevant documents or (ii) to determine or take any steps to ascertain whether any relevant event under the Notes has occurred.

22. COMMUNICATIONS BETWEEN THE PARTIES

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.

23. CHANGES IN AGENTS

- 23.1 The Issuer agrees that, for so long as any Note is outstanding, or until moneys for the payment of all amounts in respect of all outstanding Notes have been made available to the Fiscal Agent and have been returned to the Issuer, as provided in this Agreement:

- (a) in the case of ISD Notes, there will at all times be an ISD Agent authorised to act as an account holding institution with the ISD and one or more calculation agent(s) where the Terms and Conditions of the relevant ISD Notes so require;
- (a) so long as any Notes 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 a Fiscal Agent and a Registrar; and
- (c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5.4. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency (as provided in subclause 23.5), 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 Noteholders in accordance with Condition 13.

- 23.2 Each of the Fiscal Agent and the Registrar may (subject as provided in subclause 23.4) at any time resign by giving at least 90 days' written notice to the Issuer specifying the date on which its resignation shall become effective.
- 23.3 Each of the Fiscal Agent and the Registrar may (subject as provided in subclause 23.4) be removed at any time by the Issuer on at least 45 days' notice in writing from the Issuer specifying the date when the removal shall become effective.
- 23.4 Any resignation under subclause 23.2 or removal of the Fiscal Agent or Registrar under subclauses 23.3 or 23.5 shall only take effect upon the appointment by the Issuer of a successor Fiscal Agent or Registrar, the case may be, and (other than in cases of insolvency of the Fiscal Agent or Registrar, the case may be,) on the expiry of the notice to be given under clause 25. The Issuer agrees with the Fiscal Agent or the Registrar that if, by the day falling 10 days before the expiry of any notice under subclause 23.2, the Issuer has not appointed a successor Fiscal Agent or Registrar, the case may be, then the Fiscal Agent or Registrar, the case may be, shall be entitled, on behalf of the Issuer, to appoint in its place as a successor Fiscal Agent or Registrar, the case may be, a reputable financial institution of good standing which the Issuer shall approve.
- 23.5 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 25, the Agent so superseded shall cease to be an Agent under this Agreement.

- 23.6 Subject to subclause 23.1, 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).
- 23.7 Subject to subclause 23.1, all or any of the Agents (other than the Fiscal Agent and the Registrar) 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.
- 23.8 Upon its resignation or removal becoming effective, an Agent shall:
- (a) in the case of the Fiscal Agent and the Registrar, as soon as reasonably practicable transfer all moneys and records held by it under this Agreement to the successor Fiscal 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 18.
- 23.9 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.

24. 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 as soon as reasonably practicable be given to the Issuer by the relevant Agent.

25. 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 Noteholders in accordance with the Conditions.

26. 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 23 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 Noteholders in accordance with the Conditions.

27. COMMUNICATIONS

- 27.1 All communications shall be by email 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 e-mail address, postal address or telephone number and, in the case of a communication by e-mail 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, e-mail address and person or department so specified by each party are set out in the Procedures Memorandum.
- 27.2 A communication shall be deemed received (if by e-mail) when sent, subject to no delivery failure notification being received by the sender within 24 hours of the time of sending, (if by telephone) when made or (if by letter) when delivered, in each case in the manner required by this clause. 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.
- 27.3 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.
- 27.4 The Fiscal Agent and the Registrar will treat all information relating to or provided by the Issuer as confidential, but (unless consent is prohibited by law) the Issuer consents to the processing, transfer and disclosure by the Fiscal Agent or the Registrar of any information relating to or provided by the Issuer to the Fiscal Agent and the Registrar and any affiliates or agents of the Fiscal Agent and the Registrar and third parties (including service providers) selected by any of them, wherever situated (together, the **Authorised Recipients**), for confidential use to the extent required by the Fiscal Agent or the Registrar for the performance of its obligations under this Agreement (including for data processing, statistical and risk analysis purposes and for compliance with Applicable Law) provided that the Fiscal Agent and the Registrar has ensured or shall ensure that each such Authorised Recipient to which it provides such confidential information is aware that such information is confidential and has agreed to treat such information accordingly. The Fiscal Agent, the Registrar and any Authorised Recipient may also transfer and disclose any such information as is required or requested by, or to, any court, legal process, Applicable Law or Authority, including an auditor of the Fiscal Agent, the Registrar or such Authorised Recipient and including any payor or payee as required by Applicable Law, and may use any communications, clearing or payment systems, intermediary bank or other system for the purposes of any such disclosure. In this subclause 27.4 **Applicable Law** and **Authority** shall have the meanings set out in subclause 6.12

28. TAXES AND STAMP DUTIES

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.

29. AMENDMENTS

The Fiscal Agent and the Issuer may agree, without the consent of the Noteholders, or Couponholders, to:

- (a) any modification of this Agreement which, in the sole opinion of the Issuer, is not prejudicial to the interests of the Noteholders; or
- (b) any modification (except as mentioned in the Conditions) of the Notes the Coupons or this Agreement which 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 law.

Any modification so made shall be binding on the Noteholders and the Couponholders and shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable after it has been agreed.

30. 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.

31. WHOLE AGREEMENT

- 31.1 This Agreement contains the whole agreement between the Issuer, the Fiscal Agent, the Registrar and the Agents relating to the subject matter of this Agreement at the date of this Agreement to the exclusion of any terms implied by law which may be excluded by contract and supersedes any previous written or oral agreement between the parties in relation to the matters dealt with in this Agreement.
- 31.2 Each party acknowledges that it has not been induced to enter into this Agreement by any representation, warranty or undertaking not expressly incorporated into it.
- 31.3 So far as is permitted by law and except in the case of fraud, each party agrees and acknowledges that its only right and remedy in relation to any representation, warranty or undertaking made or given in connection with this Agreement shall be for breach of the terms of this Agreement to the exclusion of all other rights and remedies (including those in tort or arising under statute).

32. GOVERNING LAW AND SUBMISSION TO JURISDICTION

32.1 Governing law

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, the laws of England.

32.2 Submission to jurisdiction

- (a) Subject to subclause 32.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement, including any dispute as to its existence, validity, interpretation, performance, breach or termination or the consequences of its nullity and any dispute relating to any non-contractual obligations arising out of or in connection with it (a **Dispute**) and each party submits to the exclusive jurisdiction of the English courts.

- (b) For the purpose of this subclause 32.2, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) To the extent allowed by law, the Agents may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

32.3 Appointment of Process Agent

The Issuer irrevocably appoints Law Debenture Corporate Services Limited at its registered office at Fifth Floor, 100 Wood Street, London EC2V 7EX as its agent under this Agreement for service of process in any proceedings before the English courts in relation to any Dispute, and agrees that, in the event of Law Debenture Corporate Services Limited being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing in this clause 32 shall affect the right to serve process in any other manner permitted by law.

33. GENERAL

- 33.1 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.
- 33.2 If any provision in or obligation under this Agreement is or becomes invalid, illegal or unenforceable in any respect under the law of any jurisdiction, that will not affect or impair (i) the validity, legality or enforceability under the law of that jurisdiction of any other provision in or obligation under this Agreement, and (ii) the validity, legality or enforceability under the law of any other jurisdiction of that or any other provision in or obligation under this Agreement.
- 33.3 Notwithstanding anything else contained herein, the Fiscal Agent or the Registrar may refrain without liability from doing anything that would or might in its reasonable opinion be contrary to any law of any state or jurisdiction (including but not limited to the European Union or the United States of America or, in each case, any jurisdiction forming a part of it and England and Wales) or any directive or regulation of any agency of any such state or jurisdiction, and may without liability do anything which is, in its reasonable opinion, necessary to comply with any such law, directive or regulation. The Fiscal Agent or the Registrar shall, as soon as reasonably practicable and, insofar as permissible, inform the Issuer if, pursuant to this clause, it refrains from acting hereunder.

34. RECOGNITION OF BAIL-IN AND STAY POWERS

- 34.1 Notwithstanding and to the exclusion of any other term of this Agreement or any other agreements, arrangements, or understanding between the Issuer and any Agent, each of the Issuer and any Agent acknowledges, accepts and agrees 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 a BRRD Party (a **Relevant BRRD Party**) to any other party 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 the Relevant BRRD Party or another person as the case may be (and the issue to or conferral on any other party to this Agreement, of such shares, securities or obligations);
 - (iii) the cancellation of the BRRD Liability; and
 - (iv) the amendment or alteration of any interest, if applicable, thereon, or the dates on which the 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.

34.2 In addition, each of the parties to this Agreement acknowledges, accepts and agrees:

- (a) (i) that this Agreement may be subject to the exercise of Stay Powers by the Relevant Resolution Authority and (ii) to be bound by the effect of an application of any Stay Powers;
- (b) (i) that the Exclusion Conditions will apply and (ii) to be bound by the application of the Exclusion Conditions; and

that, in relation to this Agreement, paragraphs 32.2(a) and 32.2(b) above are exhaustive on the matters described therein to the exclusion of any other agreements, arrangements or understanding between the Issuer and any Agent relating to the subject matter of this Agreement.

34.3 For the purposes of this Clause 31:

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 of 15th May, 2014 establishing the framework for the recovery and resolution of credit institutions and investment firms or such other directive as may come into effect in place thereof, as implemented into Icelandic law by virtue of the EEA Agreement on 9 February 2018 with Decision No 21/2018 of the EEA Joint Committee;

BRRD Liability means a liability in respect of which the relevant Bail-in Powers may be exercised;

BRRD Party means each of the Issuer and any Agent that is subject to the Bail-in Powers and, in the case of the Issuer, the Stay Powers;

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>;

Exclusion Conditions means the exclusion of certain contractual terms in early intervention and resolution set out in Article 68 of the BRRD as implemented into Icelandic law by virtue of the EEA Agreement on 9 February 2018 with Decision No 21/2018 of the EEA Joint Committee and any

Executive Orders issued pursuant thereto and any regulatory standards adopted by the European Commission pursuant to Article 71(a) of the BRRD;

Relevant Resolution Authority means the resolution authority with the ability to exercise any Bail-in Powers and/or, as applicable, any Stay Powers in relation to the Relevant BRRD Party; and

Stay Powers means the powers of the Relevant Resolution Authority, which include the suspension of payment or delivery obligations and/or the suspension of termination rights, as set out in Article 33(a), Article 69, Article 70 and Article 71 of the BRRD as implemented into Icelandic law by virtue of the EEA Agreement on 9 February 2018 with Decision No 21/2018 of the EEA Joint Committee and any Executive Orders issued pursuant thereto and any regulatory standards adopted by the European Commission pursuant to Article 71(a) of the BRRD.

SCHEDULE 1

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes. Where applicable, the Terms and Conditions will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Bank and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will, where applicable, be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Applicable Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by Arion Bank hf. (the **Bank**).

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

- (a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note;
- (c) any definitive Notes in bearer form (**Bearer Notes**) issued in exchange for a Global Note in bearer form;
- (d) any definitive Notes in registered form (**Registered Notes**) (whether or not issued in exchange for a Global Note in registered form); and
- (e) any Notes issued in uncertificated book entry form cleared through the Icelandic Securities Depository (the **ISD Notes** and the **ISD**, respectively). ISD Notes are in dematerialised form. Any references in these Terms and Conditions (the **Conditions**) to Coupons and Talons shall not apply to ISD Notes and no global or definitive Note will be issued in respect of ISD Notes.

The Notes (other than ISD Notes) and the Coupons (as defined below) have the benefit of an Agency Agreement dated 16 October 2023 (as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) each as made between the Bank and Citibank N.A., London Branch as fiscal agent (the **Fiscal Agent**, which expression shall include any successor agent) and the other paying agents named therein. In relation to the ISD Notes, Arion Bank hf. will act as the ISD system account manager (the **ISD Agent**, which expression shall include any additional agent appointed by the Bank from time to time in relation to the ISD Notes). The Fiscal Agent, the other paying Agents and the ISD Agent are together referred to as the **Paying Agents**, which expression shall include any additional or successor paying agents, Citibank N.A., London Branch, as registrar (the **Registrar**, which expression shall include any successor registrar) and a transfer agent and the other transfer agents named therein (together with the Registrar, the **Transfer Agents**, which expression shall include any additional or successor transfer agents) The Fiscal Agent, the Calculation Agent (if any is specified in the applicable Final Terms), the Registrar, the Paying Agents and the other Transfer Agents 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).

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms which are (except in the case of ISD Notes) attached to or endorsed on this Note which complete these Conditions. References to the **applicable Final Terms** are, unless otherwise stated, to Part A of the Final Terms (or the

relevant provisions thereof) which are (except in the case of ISD Notes) attached to or endorsed on this Note and (in the case of the ISD Notes) which are deposited with the ISD and the ISD Agent. The expression **Prospectus Regulation** means Regulation (EU) 2017/1129.

Interest bearing definitive Bearer Notes have interest coupons (**Coupons**) and, in the case of Bearer Notes which, when issued in definitive form, have more than 27 interest payments remaining, 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. Registered Notes and Global Notes do not have Coupons or Talons attached on issue.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and (in the case of ISD Notes) the persons who are for the time being shown in the records of the ISD as the holders of the Notes, and shall, in relation to any Notes represented by a Global Note and any ISD Notes, be construed as provided below. 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 Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes 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 Noteholders (except in the case of ISD Notes) and the Couponholders are entitled to the benefit of the Deed of Covenant (such Deed of Covenant as amended and/or supplemented and/or restated from time to time, the **Deed of Covenant**) dated 16 October 2023 and made by the Bank. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Deed of Covenant (i) are available for inspection or collection during normal business hours at the specified office of each of the Paying Agents or (ii) may be provided by email to a Noteholder following their prior written request to any Paying Agent or the Bank and provision of proof of holding and identity (in a form satisfactory to the relevant Paying Agent or the Bank, as the case may be). If the Notes are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange the applicable Final Terms will be published on the website of the Luxembourg Stock Exchange (www.luxse.com). The Noteholders 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 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.

In the Conditions, **euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

1. FORM, DENOMINATION AND TITLE

The Notes are in (i) bearer form (ii) registered form as specified in the applicable Final Terms or, (iii) in the case of ISD Notes, uncertificated book entry form, as specified in the applicable Final Terms, and, in the case of definitive Notes, in the currency (the **Specified Currency**) and the denominations

(the **Specified Denomination(s)**) specified in the applicable Final Terms and (other than ISD Notes) serially numbered. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination. The Notes in bearer form may not be exchanged for either Registered Notes or ISD Notes and *vice versa*.

This Note may be a Fixed Rate Note, a Fixed Reset Note, a Floating Rate Note, a Zero Coupon Note, an Inflation Linked Note, an Inflation Linked Amortising Note, or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms. This Note may be an Inflation Linked Note or an Inflation Linked Amortising Note depending on the Redemption/Payment Basis shown in the applicable Final Terms.

This Note may be a Senior Preferred Note, a Senior Non-Preferred Note or a Subordinated Note, depending on the Status shown in the applicable Final Terms.

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

Subject as set out below, title to the Bearer Notes in bearer form and Coupons will pass by delivery, title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement, and title to ISD Notes will pass by registration in the registers between the direct or indirect accountholders at the ISD in accordance with the rules and procedures of the ISD. The Bank and the Paying Agents will (except as otherwise required by law) deem and treat the bearer of any Bearer Note or Coupon, the registered holder of any Registered Note and the registered holder of any ISD Note 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 Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV (Euroclear) and/or Clearstream Banking S.A. (Clearstream, Luxembourg) or in the case of ISD Notes, each person (other than Euroclear, Clearstream, Luxembourg or ISD) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg or the ISD, as the case may be, as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg or the ISD, as the case may be, as to the nominal amount of such Notes 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 Bank and the relevant Paying Agents as the holder of such nominal amount of such Notes for all purposes other than (in the case only of Notes not being ISD Notes) with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Bank and any Paying Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

Notes which are represented by a Global Note 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. References to the ISD, 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.

2. TRANSFERS OF REGISTERED NOTES

2.1 Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes 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 Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note of the same series 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 Notes in definitive form

Subject as provided in paragraph 2.3 below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note 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 Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) 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 Bank and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 6 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 Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note 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 Notes under Condition 6, the Bank shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

2.4 Costs of registration

Noteholders 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 Bank 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.

3. STATUS OF THE NOTES

3.1 Status of the Senior Preferred Notes

This Condition 3.1 is applicable in relation to Notes specified in the applicable Final Terms as being Senior Preferred Notes.

- (a) The Notes and any relative Coupons are direct, unconditional, unsubordinated and unsecured obligations of the Bank and rank *pari passu* without any preference among themselves.
- (b) In the event of the winding-up (in Icelandic: slitameðferð) of the Bank (a **Winding-Up**), the rights and claims of the Noteholders to payments on or in respect of the Notes shall rank:
 - (i) (save for certain obligations required to be preferred by law, including any present or future claims of depositors) equally with all other unsecured obligations (other than subordinated obligations) of the Bank from time to time outstanding; and
 - (ii) senior to any Senior Non-Preferred Liabilities of the Bank.

3.2 Status of the Senior Non-Preferred Notes

This Condition 3.2 is applicable in relation to Notes specified in the applicable Final Terms as being Senior Non-Preferred Notes.

- (a) The Notes are direct, unconditional, unsubordinated and unsecured obligations of the Bank and rank *pari passu* without any preference among themselves.
- (b) In the event of a Winding-Up, the rights and claims of the Noteholders to payments on or in respect of the Notes shall rank:
 - (i) *pari passu* without any preference among themselves;
 - (ii) *pari passu* with all other Senior Non-Preferred Liabilities of the Bank;
 - (iii) in priority to payments to holders of all classes of share capital of the Bank in their capacity as such holders and any subordinated obligations or other securities of the Bank which rank, or are expressed to rank, junior to the Senior Non-Preferred Liabilities of the Bank (including, without limitation, any Additional Tier 1 Instruments and any Subordinated Notes); and
 - (iv) junior in right of payment to the payment of any present or future claims of (a) depositors of the Bank and (b) other unsubordinated creditors of the Bank that are not creditors in respect of Senior Non-Preferred Liabilities of the Bank.

3.3 Status of the Subordinated Notes

This Condition 3.3 is applicable in relation to Notes specified in the applicable Final Terms as being Subordinated Notes. In such case, the Notes constitute direct, unsecured and subordinated obligations of the Bank.

In the event of a Winding-Up, the rights and claims of the Noteholders to payments on or in respect of the Notes shall rank:

- (a) *pari passu* without any preference among themselves;

- (b) at least *pari passu* with payments to holders of any other Tier 2 Instruments and claims of any other subordinated creditors the claims of which rank, or are expressed to rank, *pari passu* with the Notes;
- (c) in priority to payments to holders of any Additional Tier 1 Instruments and all classes of share capital of the Bank in their capacity as such holders, and claims of any other subordinated creditors the claims of which rank, or are expressed to rank, junior to the Notes; and
- (d) junior in right of payment to the payment of any present or future claims of (a) depositors of the Bank, (b) other unsubordinated creditors of the Bank (including, without limitation, creditors in respect of any Senior Non-Preferred Liabilities of the Bank) and (c) claims of any other subordinated creditors the claims of which rank, or are expressed to rank, in priority to the Notes,

subject, in all cases, to mandatory provisions of Icelandic law.

In these Conditions:

Additional Tier 1 capital means Additional Tier 1 capital as defined in Applicable Banking Regulations;

Additional Tier 1 Instruments means at any time any debt instruments of the Bank that comply with the then current requirements under Applicable Banking Regulations in relation to Additional Tier 1 capital;

Applicable Banking Regulations means at any time the laws, regulations, requirements, guidelines and policies relating to capital adequacy, prudential supervision or resolution then in effect in Iceland and applicable to the Bank, including, without limitation to the generality of the foregoing, those regulations, requirements, guidelines and policies relating to capital adequacy, prudential supervision or resolution of the Relevant Regulator, in each case to the extent then in effect in Iceland (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Bank);

Applicable MREL Regulations means, at any time, the laws, regulations, requirements, guidelines and policies then in effect in Iceland giving effect to any MREL Requirement or any successor regulations then applicable to the Bank or the Group (as defined in Condition 9.3), as the case may be, including, without limitation to the generality of the foregoing, CRD and the BRRD (whether or not such requirements, guidelines or policies have the force of law and whether or not they are applied generally or specifically to the Bank or the Group, as the case may be);

BRRD means Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, as the same may be amended or replaced from time to time;

CRD means the legislative package consisting of the CRD Directive, CRR and any CRD Implementing Measures;

CRD Directive means Directive 2013/36/EU on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms of the European Parliament and of the Council of 26 June 2013, as the same may be amended or replaced from time to time;

CRD Implementing Measures means any regulatory capital rules or regulations, or other requirements, which are applicable to the Bank or the Group, as the case may be, and which prescribe (alone or in conjunction with any other rules or regulations) the requirements to be fulfilled by financial instruments for their inclusion in the regulatory capital of the Bank or the Group, as the case

may be (on a non-consolidated or consolidated basis) to the extent required by the CRD Directive or the CRR, including for the avoidance of doubt any regulatory technical standards released by the European Banking Authority (or any successor or replacement thereof);

CRR means Regulation (EU) No. 575/2013 on prudential requirements for credit institutions of the European Parliament and of the Council of 26 June 2013, as the same may be amended or replaced from time to time;

Hierarchy of Claims Act means Act No. 38/2021, which amended Act No. 70/2020 on Recovery and Resolution of Credit Institutions and Investment Firms, and was passed by the Icelandic Parliament on 4 May 2021 and subsequently enacted into law, as the same may be amended or replaced from time to time;

FSA means the Financial Supervisory Authority of the Central Bank of Iceland (*Fjármálaeftirlitið*) or such other or successor authority in Iceland having primary bank supervisory authority with respect to the Bank;

MREL Eligible Liabilities means “eligible liabilities” (or any equivalent or successor term) which are available to meet any MREL Requirement (however called or defined by then Applicable MREL Regulations) of the Bank or the Group, as the case may be, under Applicable MREL Regulations;

MREL Requirement means the minimum requirement for own funds and eligible liabilities which is or, as the case may be, will be applicable to the Bank or the Group, as the case may be;

Relevant Regulator means (to the extent applicable to the relevant Notes at the relevant time) (i) (in respect of the Subordinated Notes) the FSA and (ii) (in respect of the Senior Preferred Notes and the Senior Non-Preferred Notes) the Relevant Resolution Authority (as defined in Condition 18) and/or such other authority tasked with matters relating to the qualification of securities of the Bank and/or the Group, as the case may be, under the Applicable MREL Regulations;

Senior Non-Preferred Liabilities means liabilities having Senior Non-Preferred Ranking;

Senior Non-Preferred Ranking means the ranking for senior non-preferred notes or senior non-preferred debt instruments as described in Article 85 (a) of Act No. 70/2020 on Recovery and Resolution of Credit Institutions and Investment Firms, as amended by the Hierarchy of Claims Act, that expressly provides that upon the insolvency of a financial institution regulated under Act No. 70/2020 on Recovery and Resolution of Credit Institutions and Investment Firms such senior non-preferred notes or senior non-preferred debt instruments will rank below other unsecured and unsecured liabilities with higher priority ranking of the financial institution; and in addition, with respect to Senior Non-Preferred Liabilities that constitute Senior Non-Preferred Notes, the ranking set forth in Condition 3.2;

Tier 2 capital means Tier 2 capital as defined in Applicable Banking Regulations; and

Tier 2 Instruments means at any time any debt instruments of the Bank that comply with the then current requirements under Applicable Banking Regulations in relation to Tier 2 capital.

3.4 Waiver of all Set-Off Rights

No holder of a Senior Preferred Note (other than where Unrestricted Events of Default is specified as being applicable in the applicable Final Terms), Senior Non-Preferred Note or Subordinated Note, as the case may be, may at any time exercise or claim any Set-Off Rights against any right, claim or liability of the Bank or that the Bank may have or acquire against such holder, directly or indirectly and howsoever arising (and including all such rights, claims and liabilities arising under or in relation

to any and all agreements or other instruments of any kind or any non-contractual obligation, whether or not relating to that Senior Preferred Note (other than where Unrestricted Events of Default is specified as being applicable in the applicable Final Terms), Senior Non-Preferred Note or Subordinated Note, as the case may be) and each holder of any Senior Preferred Note (other than where Unrestricted Events of Default is specified as being applicable in the applicable Final Terms), Senior Non-Preferred Note or Subordinated Note, as the case may be, shall be deemed to have waived all Set-Off Rights to the fullest extent permitted by applicable law in relation to all such actual and potential rights, claims and liabilities. Notwithstanding the preceding sentence, if any amount payable by the Bank in respect of, or arising under or in connection with, any Senior Preferred Note (other than where Unrestricted Events of Default is specified as being applicable in the applicable Final Terms), Senior Non-Preferred Note or Subordinated Note, as the case may be, to any holder of such Senior Preferred Note (other than where Unrestricted Events of Default is specified as being applicable in the applicable Final Terms), Senior Non-Preferred Note or Subordinated Note is discharged by set-off or any netting, such holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Bank and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Bank and, accordingly, any such discharge shall be deemed not to have taken place.

Nothing in this Condition 3.4 is intended to provide, or shall be construed as acknowledging, any Set-Off Rights or that any such Set-Off Right is or would be available to any holder of any Senior Preferred Note (other than where Unrestricted Events of Default is specified as being applicable in the applicable Final Terms), Senior Non-Preferred Note or Subordinated Note but for this Condition 3.4.

In this Condition 3.4, **Set-Off Rights** means any and all rights or claims of any holder of any Senior Preferred Note (other than where Unrestricted Events of Default is specified as being applicable in the applicable Final Terms), Senior Non-Preferred Note or Subordinated Note against the Bank for deduction, set-off, netting, compensation, retention or counterclaim arising directly or indirectly under or in connection with any Senior Preferred Note (other than where Unrestricted Events of Default is specified as being applicable in the applicable Final Terms), Senior Non-Preferred Note or Subordinated Note, as the case may be.

4. INTEREST

4.1 Interest on Fixed Rate Notes

Each Fixed Rate Note 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.

If the Notes 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.

Except in the case of Notes 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 Notes which are (i) represented by a Global Note, (ii) Registered Notes in definitive form or (iii) Fixed Rate Notes which are ISD Notes, the aggregate outstanding nominal amount of the (A) Fixed Rate Notes represented by such Global Note; (B) such Registered Notes in definitive form or (C) ISD Notes; or
- (b) in the case of Fixed Rate Notes which are Bearer Notes in definitive form, 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, as applicable, to the aggregate outstanding nominal amount of Fixed Rate Notes which are Registered Notes in definitive form or the Calculation Amount in the case of Fixed Rate Notes which are Bearer Notes 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 Note which is a Bearer Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note 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 4.1:

- (a) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:
 - (i) in the case of Notes 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 (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (A) 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
 - (B) 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
- (b) 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.
- (c) 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.

4.2 Interest on Fixed Reset Notes

- (a) The applicable Final Terms contains provisions applicable to the determination of the resetting of the Rate of Interest for Fixed Reset Notes and must be read in conjunction with this Condition 4.2 for full information on the manner in which interest is calculated on Fixed Reset Notes. In particular, the applicable Final Terms will specify the Interest Commencement Date, the Reset Date, any Subsequent Reset Date(s), the Reset Margin, the Specified Currency, the Relevant Screen Page, the Floating Leg Reference Rate, the Floating Leg Screen Page and the Initial Mid-Swap Rate.
- (b) If the Notes are specified in the applicable Final Terms as being Fixed Reset Notes, the Notes shall bear interest:
 - (i) from (and including) the Interest Commencement Date to (but excluding) the Reset Date at the rate per annum equal to the Initial Interest Rate; and
 - (ii) from (and including) the Reset Date to (but excluding) either (a) the Maturity Date or (b) if applicable, the first Subsequent Reset Date and each successive period from (and including) any Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date (if any) (each period in (a) and (b) being a **Reset Period**), in each case at the rate per annum equal to the relevant Reset Rate,

(in each case rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) (each a **Rate of Interest**) payable, in each case, in arrear on the Interest Payment Date(s) in each year up to and including the Maturity Date or, if none, the redemption, or purchase and cancellation, of the Notes.

The provisions of this Condition 4.2 shall apply, as applicable, in respect of any determination by the Fiscal Agent (in the case of Fixed Reset Notes other than ISD Notes) or the ISD Agent (in the case of Fixed Reset Notes which are ISD Notes) of the Rate of Interest for a Reset Period in accordance with this Condition 4.2 as if the Fixed Reset Notes were Floating Rate Notes. The Rate of Interest for each Reset Period shall otherwise be determined by the Fiscal Agent (in the case of Fixed Reset Notes other than ISD Notes) or the ISD Agent (in the case of Fixed Reset Notes which are ISD Notes) on the relevant Reset Determination Date in accordance with the provisions of this Condition 4.2. Once the Rate of Interest is determined for a Reset Period, the provisions of Condition 4.1 shall apply to Fixed Reset Notes, as applicable, as if the Fixed Reset Notes were Fixed Rate Notes.

In these Conditions, with respect to any Fixed Reset Notes:

Reset Determination Date means the second Business Day immediately preceding the Reset Date or relevant Subsequent Reset Date, as the case may be; and

Reset Rate means the sum of the Reset Margin and the Reset Reference Rate for the relevant Reset Period, converted, if applicable, to a semi-annual or quarterly rate in accordance with market convention, in the case of semi-annual or quarterly Interest Payment Dates, respectively.

If the Reset Reference Rate specified in the applicable Final Terms is the Mid-Swap Rate:

Mid-Swap Rate means, in relation to the Reset Date or relevant Subsequent Reset Date, as the case may be, and the Reset Period commencing on the Reset Date or that Subsequent Reset Date, the rate for the Reset Date or that Subsequent Reset Date of, in the case of semi-annual or annual Interest Payment Dates, the semi-annual or annual swap rate, respectively (if available) for swap transactions in the Specified Currency maturing on the last day of such Reset Period, expressed as a percentage, which appears on the Relevant Screen Page as of approximately 11.00 a.m. in the principal financial centre of the Specified Currency on such Reset Determination Date. If such rate does not appear on the Relevant Screen Page, the Mid-Swap Rate for the Reset Date or relevant Subsequent Reset Date, as the case may be, will be the Reset Reference Bank Rate for the Reset Period;

Relevant Screen Page means the display page on the relevant service as specified in the applicable Final Terms or such other page as may replace it on that information service, or on such other equivalent information service as determined by the Bank for the purpose of displaying equivalent or comparable rates to the relevant swap rates for swap transactions in the Specified Currency with an equivalent maturity to the Reset Period;

Representative Amount means an amount that is representative for a single transaction in the relevant market at the relevant time;

Reset Period Mid-Swap Rate Quotations means the bid and offered rates for the semi-annual or annual, as applicable, fixed leg (calculated on the day count basis customary for fixed rate payments in the Specified Currency), of a fixed-for-floating interest rate swap transaction in the Specified Currency with a term equal to the Reset Period commencing on the Reset Date or relevant Subsequent Reset Date, as the case may be, and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg (in each case calculated on the day count basis customary for floating rate payments in the Specified Currency), is equivalent to the Rate of Interest that would apply in respect of the Notes if (a) the Reference Rate was the Floating Leg Reference Rate and (b) the Relevant Screen Page was the Floating Leg Screen Page;

Reset Reference Bank Rate means, in relation to the Reset Date or relevant Subsequent Reset Date, as the case may be, and the Reset Period commencing on the Reset Date or that Subsequent Reset Date, the percentage determined on the basis of the arithmetic mean of the Reset Period Mid-Swap Rate Quotations provided by the Reset Reference Banks at approximately 11.00 in the principal financial centre of the Specified Currency on the Reset Determination Date. The Bank (in the case of Fixed Reset Notes other than ISD Notes) or the ISD Agent (in the case of Fixed Reset Notes which are ISD Notes) will request the principal office of each of the Reset Reference Banks to provide a quotation of its rate. If at least three quotations are provided to the Fiscal Agent (in the case of Fixed Reset Notes other than ISD Notes) or the ISD Agent (in the case of Fixed Reset Notes which are ISD Notes), the rate for the Reset Date or relevant Subsequent Reset Date, as the case may be, will be the arithmetic mean of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two quotations are provided, it will be the arithmetic mean of the quotations provided. If only one quotation is provided, it will be the quotation provided. If no quotations are provided, the Mid-Swap Rate will be the Mid-Swap Rate for the immediately preceding Reset Period or, if none, the Initial Mid-Swap Rate; and

Reset Reference Banks means five leading swap dealers in the interbank market for swap transactions in the Specified Currency with an equivalent maturity to the Reset Period as selected by the Bank.

If the Reset Reference Rate specified in the applicable Final Terms is the Reset Reference Bond Rate, unless otherwise specified in the applicable Final Terms:

Reset Determination Time means, in relation to a Reset Determination Date, 11.00 a.m. in the principal financial centre of the Specified Currency (which, if the Specified Currency is euro, shall be Frankfurt, Germany) on such Reset Determination Date;

Reset Reference Bond means, in relation to any Reset Period, a government security or securities issued by the government of the state responsible for issuing the Specified Currency (which, if the Specified Currency is euro, shall be Germany) (a **Relevant Government Bond**) selected by the Bank as having the nearest actual or interpolated maturity comparable with such Reset Period and that (in the opinion of the Bank) would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issuances of corporate debt securities denominated in the Specified Currency and of a comparable maturity to such Reset Period;

Reset Reference Bond Yield means, in respect of any Reset Determination Date, the arithmetic average of the Reset Reference Government Bond Dealer Quotations for such Reset Determination Date, as determined by the Fiscal Agent or the Calculation Agent or the ISD Agent, as applicable, after excluding the highest and lowest such Reset Reference Government Bond Dealer Quotations; provided, however, that (A) if fewer than five but more than one Reset Reference Government Bond Dealer Quotations are received, the Reset Reference Bond Yield shall be equal to the arithmetic average of all such quotations, or (B) if only one Reset Reference Government Bond Dealer Quotation is received, the Reset Reference Bond Yield shall be equal to such quotation, or (C) if no Reset Reference Government Bond Dealer Quotations are received, the Reset Reference Bond Yield will be the Reset Reference Bond Rate for the immediately preceding Reset Period or, if none, the Initial Reference Rate;

Reset Reference Bond Rate means, in relation to any Reset Period, the rate per annum equal to the annual yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reset Reference Bond, expressed as a percentage, which equals the Reset Reference Bond Yield for the relevant Reset Determination Date;

Reset Reference Government Bond Dealers means five banks or other financial institutions that are (A) primary dealers in Relevant Government Bonds, or (B) market makers in pricing corporate bond issues denominated in the Specified Currency, in each case as selected by the Bank and notified in writing to the Fiscal Agent or the Calculation Agent or the ISD Agent, as applicable; and

Reset Reference Government Bond Dealer Quotations means, with respect to each Reset Reference Government Bond Dealer and any Reset Determination Date, the bid and offered yields to maturity or interpolated yields to maturity (on the relevant day count basis) for the Reset Reference Bond (expressed as a percentage) as at or around the Reset Determination Time on such Reset Determination Date, and, if relevant, on a dealing basis for settlement that is customarily used for such Reset Reference Bond at such time, quoted in writing to the Bank by such Reset Reference Government Bond Dealer.

If the Reset Reference Rate specified in the applicable Final Terms is the CMT Rate, unless otherwise specified in the applicable Final Terms:

Business Day means a U.S. Government Securities Business Day (as defined in Condition 4.3(b)(iii)(C));

CMT Rate means in relation to any Reset Determination Date:

- (i) the Original Reset Reference Rate Payment Basis yield for U.S. Treasury Securities at "constant maturity" for a period of maturity which is equal or comparable to the duration of the relevant Reset Period, as published in H.15 under the caption "Treasury constant maturities

(nominal)", as that yield is displayed on such Reset Determination Date, on the Relevant Screen Page;

- (ii) if the yield referred to in paragraph (i) above is not published on the Relevant Screen Page on such Reset Determination Date, the Original Reset Reference Rate Payment Basis yield for U.S. Treasury Securities at "constant maturity" having a period to maturity which is equal or comparable to the duration of the relevant Reset Period as published in H.15 under the caption "Treasury constant maturities (nominal)" on such Reset Determination Date; or
- (iii) if neither the yield referred to in paragraph (i) above nor the yield referred to in paragraph (ii) above is published on such Reset Determination Date, the Reset Reference Bank Rate on such Reset Determination Date,

in each case, all as determined by the Fiscal Agent or the Calculation Agent or the ISD Agent, as applicable;

H.15 means the daily statistical release designated as H.15, or any successor publication, published by the Board of Governors of the Federal Reserve System at <http://www.federalreserve.gov/releases/H15> or any successor site or publication;

Original Reset Reference Rate Payment Basis has the meaning specified in the applicable Final Terms;

Reference Bond Quotation means, with respect to each Reset Reference Bank and any Reset Determination Date, the rate of the Original Reset Reference Rate Payment Basis yield-to-maturity based on the secondary market bid price of the relevant Reset U.S. Treasury Security as determined by the Reset Reference Bank at approximately the Reset Determination Time on the Business Day following such Reset Determination Date;

Reset Reference Bank Rate means, with respect to any Reset Period and any Reset Determination Date, the rate (expressed as a percentage rate per annum and rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards) determined on the basis of the Reference Bond Quotations requested by the Bank to be provided by the Reset Reference Banks to the Fiscal Agent at approximately the Reset Determination Time on the Business Day following such Reset Determination Date.

If at least three such Reference Bond Quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean (rounded as aforesaid) of the Reference Bond Quotations provided, eliminating the highest quotation (or in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two Reference Bond Quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean (rounded as aforesaid) of the Reference Bond Quotations provided. If fewer than two Reference Bond Quotations are provided, the Reset Reference Bank Rate for the relevant Reset Period will be the last observable Original Reset Reference Rate Payment Basis yield for U.S. Treasury Securities at "constant maturity" for a period of maturity which is equal or comparable to the duration of the relevant Reset Period, as published in H.15 under the caption "Treasury constant maturities (nominal)", as that yield is displayed on the Relevant Screen Page;

Reset Reference Banks means the principal office in the principal financial centre of the Specified Currency of five major banks which are primary U.S. Treasury Securities dealers or market makers in pricing corporate bond issues determined in U.S. dollars, as published on the Federal Reserve Bank of New York's website at <http://www.newyorkfed.org>, or any successor source; and

U.S. Treasury Securities means securities that are direct obligations of the United States Treasury, issued other than on a discount basis.

4.3 Interest on Floating Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note 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. In the 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 or the relevant payment date if the Notes become payable on a date other than an Interest Payment Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in 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 4.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) 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 (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) 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) 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 each Additional Business Centre (other than T2) specified in the applicable Final Terms;

- (b) if T2 is specified as an Additional Business Centre in the applicable Final Terms, 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; and
- (c) either (i) 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 (ii) in relation to any sum payable in euro, a day on which the T2 is open.

(b) **Rate of Interest**

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

- (i) Screen Rate Determination for Floating Rate Notes not referencing Compounded Daily SONIA or Compounded Daily SOFR

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 (being EURIBOR, NIBOR, STIBOR, REIBOR or CIBOR, as specified in the applicable Final Terms) 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, Oslo time, in the case of NIBOR, Stockholm time, in the case of STIBOR, Reykjavik time, in the case of REIBOR and Copenhagen time, in the case of CIBOR) 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 or the ISD 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 the Calculation Agent or the ISD 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, Oslo time, in the case of NIBOR, Stockholm time, in the case of STIBOR, Reykjavik time, in the case of REIBOR or Copenhagen time, in the case of CIBOR), the Bank, shall request each of the Reference Banks to provide the Fiscal Agent or the Calculation Agent or the ISD Agent, as applicable, with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately 11.00 a.m. (Brussels time, in the case of EURIBOR, Oslo time, in the case of NIBOR, Stockholm time, in the case of STIBOR, Reykjavik time, in the case of REIBOR or

Copenhagen time, in the case of CIBOR) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Fiscal Agent or the Calculation Agent or the ISD 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 or the ISD Agent, as applicable.

If on any Interest Determination Date one only or none of the Reference Banks provides the Fiscal Agent or the Calculation Agent or the ISD Agent, as applicable, 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 or the ISD 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 the Calculation Agent or the ISD Agent, as applicable, at the request of Bank, 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, Oslo time, in the case of NIBOR, Stockholm time, in the case of STIBOR, Reykjavik time, in the case of REIBOR or Copenhagen time, in the case of CIBOR) 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), the Norwegian inter-bank market (if the Reference Rate is NIBOR), the Swedish inter-bank market (if the Reference Rate is STIBOR), the Icelandic inter-bank market (if the Reference Rate is REIBOR) or the Danish inter-bank market (if the Reference Rate is CIBOR) 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 or the ISD Agent, as applicable, 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, Oslo time, in the case of NIBOR, Stockholm time, in the case of STIBOR, Reykjavik time, in the case of REIBOR or Copenhagen time, in the case of CIBOR) on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Bank suitable for the purpose) informs the Fiscal Agent or the Calculation Agent or the ISD Agent, as applicable, it is quoting to leading banks in the the Euro-zone inter-bank market (if the Reference Rate is EURIBOR), the Norwegian inter-bank market (if the Reference Rate is NIBOR), the Swedish inter-bank market (if the Reference Rate is STIBOR), the Icelandic inter-bank market (if the Reference Rate is REIBOR) or the Danish inter-bank market (if the Reference Rate is CIBOR) 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).

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, in the case of a determination of NIBOR, the principal Oslo office of four major banks in the Norwegian inter-bank market, in the case of a determination of STIBOR, the principal Stockholm office of four major banks in the Swedish inter-bank market, in the case of a determination of REIBOR, the principal Reykjavik office of four major banks in the Icelandic inter-bank

market and, in the case of a determination of CIBOR, the principal Copenhagen office of four major banks in the Danish inter-bank market, in each case selected by the Bank.

- (ii) Screen Rate Determination for Floating Rate Notes referencing Compounded Daily SONIA
- (A) Where 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 ISD 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 ISD 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_x 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_y is the SONIA Compounded Index value 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_x or SONIA Compounded Index_y does not appear on the Relevant Screen Page or, if not so published or the Relevant Screen Page is unavailable, 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 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 4.3(b)(ii)(II) applies to such Interest Period pursuant to the proviso in Condition 4.3(b)(ii)(I) above, the rate determined by the Fiscal Agent or the Calculation Agent or the ISD 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):

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

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;

d₀ 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 **d₀**, 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_{i-pLBD} 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_{i-pLBD} shall be replaced in the above formula with SONIA_i, where SONIA_i 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 ISD 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 Notes for the first scheduled Interest Period had the Notes 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 4.3(b)(ii)

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;

Relevant Screen Page means the display page on the relevant service as specified in the applicable Final Terms or such other page as may replace it on that information service, or on such other equivalent information service as determined by the Bank for the purpose of displaying the SONIA Compounded Index or SONIA Reference Rate, as applicable;

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 any successor administrator of SONIA) as such rate appears on the Relevant Screen Page or, if not so published or the Relevant Screen Page is unavailable, as published 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)), in each case 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, as administrator of such rate (or any successor administrator of such rate) to authorised distributors (the **SONIA authorised distributors**) and as then published on the Relevant Screen Page (or, if not so published or 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 ISD 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 4.4 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, (i) 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) or (ii) if the Bank Rate described in sub-clause (I) is more recently available, the rate determined pursuant to sub-clause (I) by reference to such most recently available Bank Rate; and

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

(iii) Screen Rate Determination for Floating Rate Notes referencing Compounded Daily SOFR

- (A) Where 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 ISD 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 ISD 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):

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

where:

SOFR Index_{Start} 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_{End} 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_{Start} or SOFR Index_{End} does not appear on the Relevant Screen Page or, if not so published or the Relevant Screen Page is unavailable, 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 will be determined in accordance with Condition 4.3(b)(iii)(II) below; or

- II. if either (x) Index Determination is specified as being not applicable in the applicable Final Terms, or (y) this Condition 4.3(b)(iii)(II) applies to such Interest Period pursuant to the proviso in Condition 4.3(b)(iii)(I) above, the rate determined by the Fiscal Agent or the Calculation Agent or the ISD 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):

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

where:

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

d₀ 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 "d₀", 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_i , 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_i 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 it 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 Observation Shift 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 4.3(b), are necessary in order to implement the SOFR Benchmark Replacement (including any alternative method described in subparagraph (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 ISD Agent, as applicable, shall agree without any requirement for the consent or approval of Noteholders 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;

- IV. notwithstanding any other provision of this Condition 4.3(b)(iii), no SOFR Benchmark Replacement will be adopted, nor will any other amendment to the terms and conditions of any Series of Notes be made to effect the SOFR Benchmark Replacement, if and to the extent that, in the determination of the Bank, the same could reasonably be expected to prejudice the treatment of any relevant Series of (i) Subordinated Notes as Tier 2 capital; (ii) Senior Preferred Notes (other than where Unrestricted Events of Default is specified as being applicable in the applicable Final Terms) as MREL Eligible Liabilities; or (iii) Senior Non-Preferred Notes as MREL Eligible Liabilities; and
 - V. 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 ISD Agent, as applicable, and to the Noteholders in accordance with Condition 14, 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 4.3(b)(iii):

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;

Relevant Screen Page means the display page on the relevant service as specified in the applicable Final Terms or such other page as may replace it on that information service, or on such other equivalent information service as determined by the Bank for the purpose of displaying the SOFR Index or the SOFR Reference Rate, as applicable;

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 notes 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 SOFR 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 Noteholders 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 notes 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 4.3(b)(iii) 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;

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 Relevant Screen Page or, if not so published or the Relevant Screen Page is unavailable, on the SOFR Administrator's Website, in each case 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 Relevant Screen Page or, if not so published or the Relevant Screen Page is unavailable, 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 Relevant Screen Page or, if not so published on the Relevant Screen Page was unavailable, 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**), the 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 4.3(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 4.3(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.

An Independent Adviser appointed pursuant to this Condition 4.3(b) shall act in good faith in a commercially reasonable manner but shall have no relationship of agency or trust with the Noteholders and (in the absence of fraud) shall have no liability whatsoever to the SOFR Benchmark Replacement Agent or the Noteholders 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 4.3(b)(iii) or otherwise in connection with the Notes.

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 Noteholders 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 Notes.

(E) Any determination, decision or election that may be made by the Bank or the SOFR Benchmark Replacement Agent, if any, pursuant to this Condition 4.3(b)(iii), 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.

(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.

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

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

The Fiscal Agent or the Calculation Agent or the ISD Agent, as applicable, 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 ISD Agent, as applicable, will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

(i) in the case of Floating Rate Notes which are represented by (i) a Global Note or a ISD Note or (ii) Registered Notes in definitive form, the aggregate outstanding nominal amount of the Notes of (A) the Notes represented by such Global Note or a ISD Note or (B) such Registered Notes; or

- (ii) in the case of Floating Rate Notes which are Bearer Notes 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 Note which is a Bearer Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note 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 4.2:

- (i) 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);
- (ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) 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;
- (iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if "30/360", "360/360" or "Note 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:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

"D₂" 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 D₁ is greater than 29, in which case D₂ will be 30;

- (vi) 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:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" 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 D₂ will be 30;

- (vii) 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:

"Y₁" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D₁" 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 D₁ will be 30; and

"D₂" 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 D₂ will be 30.

(e) **Linear Interpolation**

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Fiscal Agent or the Calculation Agent or the ISD Agent, as applicable, by straight line linear interpolation by reference to two rates based on the relevant Reference Rate, one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Bank (acting in good faith and in a commercially reasonable manner) shall instruct the Fiscal Agent or the Calculation Agent or the ISD Agent, as applicable, as to such rate, at such time and by reference to such sources as the Bank determines appropriate for the purposes of the calculation of the applicable rate of interest.

Designated Maturity means the period of time designated in the Reference Rate.

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

The Fiscal Agent or the Calculation Agent or the ISD Agent, as applicable, 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 Bank and any stock exchange on which the relevant Floating Rate Notes are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 13 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 promptly be notified to (i) each stock exchange on which the relevant Floating Rate Notes are for the time being listed by no later than the first day of each Interest Period and (ii) the Noteholders in accordance with Condition 13. 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 4.2 by the Fiscal Agent or the Calculation Agent, as applicable, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Bank, the Fiscal Agent or the Calculation Agent, as applicable, the other Paying Agents, the ISD Agent (in the case of ISD Notes) and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Bank, the Noteholders or the Couponholders shall attach to the Fiscal Agent or the Calculation Agent, as applicable, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

4.4 **Benchmark Discontinuation**

Notwithstanding the provisions in Conditions 4.2 or 4.3, as the case may be, above, (in the case of Floating Rate Notes 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 4.4 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 4.4 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 ISD Agent, as applicable, in accordance with Condition 13, the Noteholders of such Successor Rate and that Successor Rate shall (subject to adjustment as provided in Condition 4.4(b)) subsequently be used by the Fiscal Agent or the Calculation Agent or the ISD 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 Notes (subject to the further operation of this Condition 4.4).

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 ISD Agent, as applicable, and, in accordance with Condition 13, the Noteholders of such Alternative Rate and that Alternative Rate shall (subject to adjustment as provided in Condition 4.4(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 Notes (subject to the further operation of this Condition 4.4).

(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 ISD Agent, as applicable, and, in accordance with Condition 13, the Noteholders of such Adjustment Spread and the Fiscal Agent or the Calculation Agent or the ISD 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 ISD Agent, as applicable, and, in accordance with Condition 13, the Noteholders of such Adjustment Spread and the Fiscal Agent or the Calculation Agent or the ISD 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 Noteholders 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 ISD Agent, as applicable, and, in accordance with Condition 13, the Noteholders 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 4.4 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 Noteholders in accordance with Condition 13, without any requirement for the consent or approval of Noteholders, agree to the necessary modifications to these Conditions and/or the Agency Agreement 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 4.4(c), the Bank shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading. Notwithstanding any other provision of this Condition 4.4, no Successor Rate, Alternative Rate or Adjustment Spread will be adopted, nor will any other amendment to the terms and conditions of any Series of Notes be made to effect the Benchmark Amendments, if and to the extent that, in the determination of the Bank, the same could reasonably be expected to prejudice the treatment of any relevant Series of Subordinated Notes as Tier 2 capital.

In addition and notwithstanding any other provision of this Condition 4.4, no Successor Rate, Alternative Rate or Adjustment Spread will be adopted, nor will any other amendment to the terms and conditions of any Series of Notes be made to effect the Benchmark Amendments, if and to the extent that, in the determination of the Bank, the same could reasonably be expected to prejudice the treatment of any relevant Series of Senior Preferred Notes (other than where Unrestricted Events of Default is specified as being applicable in the applicable Final Terms) or Senior Non-Preferred Notes as MREL Eligible Liabilities.

Any Benchmark Amendments determined under this Condition 4.4(c) shall be notified promptly by the Bank to the Fiscal Agent or the Calculation Agent or the ISD Agent, as applicable, and, in accordance with Condition 13, the Noteholders. 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 4.4, the Bank shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, for the purposes of any such consultation.

An Independent Adviser appointed pursuant to this Condition 4.4 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 Noteholders 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 4.4 or otherwise in connection with the Notes.

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 Noteholders 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 Notes (acting in such capacity), shall have any relationship of agency or trust with the Noteholders.

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

Without prejudice to the obligations of the Bank under this Condition 4.4, the Original Reference Rate and the fallback provisions provided for in Conditions 4.2, 4.3, 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 4.4.

(f) **Definitions**

In this Condition 4.4:

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 4.4 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 Notes;

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 will no longer be 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 Notes (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.

4.5 Interest on Inflation Linked Notes

Each Inflation Linked Note 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 5.9(b) (*Payments in respect of Inflation Linked Amortising Notes*)) below. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date or any earlier Interest Payment Date on which the Notes are redeemed in full.

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 5.9(b) (*Payments in respect of Inflation Linked Amortising Notes*)) to:

- (a) in the case of Inflation Linked Notes which are represented by a Global Note or Inflation Linked which are ISD Notes, the aggregate outstanding nominal amount of the Inflation Linked Notes; or
- (b) in the case of Inflation Linked Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction (as defined in Condition 4.1), 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 Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Inflation Linked Note 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.

4.6 Interest on Inflation Linked Amortising Notes

Each Inflation Linked Amortising Note 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 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 4.3(d) (*Determination of Rate of Interest and calculation of Interest Amounts*)), 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.

4.7 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless 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 Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Fiscal Agent, the Registrar or the ISD Agent, as the case may

be, and notice to that effect has been given to the Noteholders in accordance with Condition 13.

5. PAYMENTS

5.1 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 maintained by the payee with 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 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.

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 Bank or its Agents are subject, but without prejudice to the provisions of Condition 7 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 any law implementing an intergovernmental approach thereto.

5.2 Presentation of definitive Bearer Notes and Coupons

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 5.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes 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)).

Fixed Rate Notes, Inflation Linked Notes and Inflation Linked Amortising Notes in definitive bearer form (other than Long Maturity Notes (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 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) 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 Note, Inflation Linked Notes or Inflation Linked Amortising Note 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 Note or Long Maturity Note in definitive bearer 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 Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached, Inflation Linked Notes or an Inflation Linked Amortising Note) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note 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 Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note 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 Note.

5.3 **Payments in respect of Bearer Global Notes**

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

5.4 **Payments in respect of Registered Notes**

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (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 Note 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 Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the 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. 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 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 Note (whether or not in global form) will be made by transfer on the due date to the Designated Account of the holder (or the first named of joint holders) of the Registered Note appearing in the 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).

Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

No commissions or expenses shall be charged to the holders by the Registrar in respect of any payments of principal or interest in respect of Registered Notes.

None of the Bank 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 Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

5.5 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Bank will be discharged by payment to, or to the order of, the holder of such Global Note 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 Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for their share of each payment so made by the Bank to, or to the order of, the holder of such Global Note.

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

- (a) the Bank 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 Notes 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 Bank, adverse tax consequences to the Bank.

5.6 Payment Day

If the date for payment of any amount in respect of any Note 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 8) 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 Notes in definitive form only, in the relevant place of presentation; and
 - (ii) in each Additional Financial Centre (other than T2) specified in the applicable Final Terms;

- (b) if T2 is specified as an Additional Financial Centre in the applicable Final Terms, a day on which T2 is open, and
- (c) either (A) 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 (B) in relation to any sum payable in euro, a day on which T2 is open.

5.7 Interpretation of principal and interest

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

- (a) any additional amounts which may be payable with respect to principal under Condition 7;
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) any premium and any other amounts (other than interest) which may be payable by the Bank under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7.

5.8 Payments in respect of ISD Notes

Payments of principal and interest in respect of ISD Notes will be made to the Noteholders shown in the relevant records of the ISD in accordance with and subject to the rules and regulations from time to time governing the ISD.

5.9 Payments in respect of Inflation Linked Amortising Notes

- (a) If this is an Inflation Linked Amortising Note, the Bank shall, on each relevant Interest Payment Date, make a combined payment of principal due under Condition 6.14, interest due under Condition 4.6 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 Notes;

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

c = The Rate of Interest applicable to the relevant Notes;

d = The Specified Denomination of the relevant Notes;

n = [Insert total number of annuity payments on the relevant Notes]; and

IR = The Index Ratio as determined in accordance with subparagraph (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:

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

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 neysluverðs 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:

$$RI = CPI_t + (CPI_{t+1} - CPI_t) \frac{d}{30}$$

- (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 Notes, 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.

6. REDEMPTION AND PURCHASE

6.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Bank at its Final Redemption Amount of 100 per cent. or more of its nominal amount calculated as follows:

- (a) in the case of a Note (other than a Zero Coupon Note where a Redemption/Payment Basis of more than 100 per cent. of the nominal amount has been specified in the applicable Final Terms), at 100 per cent. of the Calculation Amount per Calculation Amount as specified in the applicable Final Terms; or
- (b) in the case of a Zero Coupon Note where a Redemption/Payment Basis of more than 100 per cent. of the nominal amount has been specified in the applicable Final Terms, at the amount specified in the applicable Final Terms,

in each case in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

6.2 Redemption for tax reasons

Subject to Condition 6.5 and, in the case of Senior Preferred Notes (other than where Unrestricted Events of Default is specified as being applicable in the applicable Final Terms), Senior Non-Preferred Notes or Subordinated Notes only, to the provisions of Condition 6.10 below, the Notes may be redeemed at the option of the Bank in whole, but not in part, at any time (if this Note is not a Floating Rate Note, an Inflation Linked Note nor an Inflation Linked Amortising Note) or on any Interest Payment Date (if this Note is a Floating Rate Note, an Inflation Linked Note or an Inflation Linked Amortising Note), on giving not less than 30 and not more than 60 days' notice to the Fiscal Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), if:

- (a) either (i) on the occasion of the next payment due under the Notes, the Bank has or will become obliged to pay additional amounts as provided or referred to in Condition 7 or (ii) in the case of Subordinated Notes only, the Bank would not be entitled to claim a deduction in computing its taxation liabilities in any Tax Jurisdiction (as defined in Condition 7) in respect of any payment of interest to be made on the Notes on the occasion of the next payment due under the Notes (or the amount of such deduction would be materially reduced), in each case as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after (a) (in the case of Senior Preferred Notes or Senior Non-Preferred Notes) the date on which agreement is reached to issue the last Tranche of the Notes; or (b) (in the case of Subordinated Notes) the Issue Date; and
- (b) such obligation, loss of entitlement (or reduction) cannot be avoided by the Bank taking reasonable measures available to it,

(each a **Tax Event**) provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date (i) on which the Bank would be obliged to pay such additional amounts, or (ii) on which the Bank would not be entitled to claim such a deduction (or the amount of such deduction would be materially reduced) in respect of such payment (as applicable), were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Bank shall deliver to the Fiscal Agent to make available at its specified office to the Noteholders (i) a certificate signed by two Directors of the Bank stating that the Bank is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Bank so to redeem have occurred and (ii) an opinion of independent legal or tax advisers of recognised standing to the effect that a Tax Event has occurred.

Notes redeemed pursuant to this Condition 6.2 will be redeemed at their Early Redemption Amount referred to in Condition 6.5 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

6.3 Redemption at the option of the Bank (Issuer Call)

Subject to, in the case of Senior Preferred Notes (other than where Unrestricted Events of Default is specified as being applicable in the applicable Final Terms), Senior Non-Preferred Notes or Subordinated Notes, the provisions of Condition 6.10 below, if Issuer Call is specified as being applicable in the applicable Final Terms, the Bank may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes 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 and 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 Notes, the Notes to be redeemed (Redeemed Notes) will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption; (ii) in the case of Redeemed Notes represented by a Global Note, be selected 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) and (iii) in the case of Redeemed Notes which are ISD Notes, in accordance with the rules of the ISD. In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 15 days prior to the date fixed for redemption.

6.4 Issuer Residual Call

Subject to Condition 6.10, if Issuer Residual Call is specified as being applicable in the applicable Final Terms and, at any time, the outstanding aggregate nominal amount of the Notes is 25 per cent. (or such other lower percentage as may be specified in the applicable Final Terms) or less of the aggregate nominal amount of the Series issued as the Issuer Residual Call Percentage, the Notes may be redeemed at the option of the Bank in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than 15 and not more than 60 days' notice (or such other notice period as may be specified in the applicable Final Terms) to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable and shall specify the date fixed for redemption) at the Residual Call Early Redemption Amount together, if appropriate, with interest accrued to (but excluding) the date of redemption.

6.5 Early Redemption Amounts

For the purpose of Condition 6.2 above, Conditions 6.9 below, Condition 6.11 below and Condition 9 below:

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

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

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

y is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be 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 Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365)

6.6 Purchases

Subject to the provisions of Condition 6.10 below, the Bank or any Subsidiary of the Bank may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Bank, surrendered to any Paying Agent and/or the Registrar for cancellation.

6.7 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 6.6 above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Fiscal Agent and cannot be reissued or resold.

6.8 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6.1, 6.2 or 6.3 above or upon its becoming due and repayable as provided

in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6.5(b) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note 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 Note 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 Notes has been received by the Fiscal Agent or the Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 13.

6.9 Redemption upon a Capital Event – Subordinated Notes

If the Notes are Subordinated Notes, then upon the occurrence of a Capital Event, the Bank may, at its option, having given not less than 30 days' nor more than 60 days' notice to the Fiscal Agent and the Noteholders in accordance with Condition 13 (which notice shall be irrevocable and shall specify the date fixed for such redemption), at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is not a Floating Rate Note) redeem all (but not some only) of the Subordinated Notes then outstanding at the Early Redemption Amount specified in the applicable Final Terms, together, if appropriate, with interest accrued to (but excluding) the date of redemption.

Prior to the publication of any notice of redemption pursuant to this Condition, the Bank shall deliver to the Fiscal Agent, a certificate signed by two Directors of the Bank stating that the Bank is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Bank so to redeem have occurred.

In these Terms and Conditions, a **Capital Event** means the determination by the Bank after consultation with the FSA that, as a result of a change in Icelandic law or Applicable Banking Regulations or any change in the official application or interpretation thereof becoming effective on or after the Issue Date, the aggregate outstanding nominal amount of the Subordinated Notes is excluded in whole or in part from inclusion in the Tier 2 capital of the Bank, other than where such exclusion is only as a result of any applicable limitation on such capital.

6.10 Relevant Regulator Approval

Any redemption or purchase of Subordinated Notes pursuant to Conditions 6.2, 6.3, 6.4, 6.6 and 6.9 or substitution or variation pursuant to Condition 6.12 is subject to the prior approval of the Relevant Regulator (if, and to the extent then required, by the Relevant Regulator).

Any redemption or purchase of Senior Preferred Notes (other than where Unrestricted Events of Default is specified as being applicable in the applicable Final Terms) and Senior Non-Preferred Notes, as the case may be, pursuant to Conditions 6.2, 6.3, 6.4, 6.6 and 6.11 or substitution or variation pursuant to Condition 6.13 is subject to the prior approval of the Relevant Regulator (if, and to the extent then required, by the Relevant Regulator).

6.11 Redemption upon a MREL Disqualification Event – Senior Preferred Notes, Senior Non-Preferred Notes and Subordinated Notes

This Condition 6.11 applies to Senior Preferred Notes (other than where Unrestricted Events of Default is specified as being applicable in the applicable Final Terms), Senior Non-Preferred Notes and Subordinated Notes (where redemption upon the occurrence of a MREL Disqualification Event in the case of Subordinated Notes is specified as being applicable in the applicable Final Terms).

Upon the occurrence of a MREL Disqualification Event, the Bank may, at its option having given not less than 30 days' nor more than 60 days' notice to the Fiscal Agent and the Noteholders in accordance with Condition 13 (which notice shall be irrevocable and shall specify the date fixed for such redemption), at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note) redeem all (but not some only) of the Notes then outstanding at the Early Redemption Amount specified in the applicable Final Terms, together, if appropriate, with interest accrued to (but excluding) the date of redemption.

Prior to the publication of any notice of redemption pursuant to this Condition, the Bank shall deliver to the Fiscal Agent, a certificate signed by two Directors of the Bank stating that the Bank is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Bank so to redeem have occurred.

In these Conditions, **MREL Disqualification Event** means the determination by the Bank that, as a result of a change in any Applicable MREL Regulations becoming effective on or after the date on which agreement is reached to issue the last Tranche of the Notes, the Notes will be fully excluded or partially excluded from the "eligible liabilities" (or any equivalent or successor term) available to meet any MREL Requirement (however called or defined by then Applicable MREL Regulations) if the Bank or the Group is then or, as the case may be, will be subject to such MREL Requirement; provided that a MREL Disqualification Event shall not occur where such exclusion is or will be caused by (i) the remaining maturity of the Notes being less than any period prescribed by any applicable eligibility criteria under the Applicable MREL Regulations, (ii) the Notes being purchased by or on behalf of the Bank or (iii) any applicable limits on the amount of "eligible liabilities" (or any equivalent or successor term) permitted or allowed to meet any MREL Requirement(s) being exceeded.

6.12 Substitution or Variation – Subordinated Notes

This Condition 6.12 applies only to Subordinated Notes.

Upon the occurrence of a Tax Event or a Capital Event, or if required in order to ensure the effectiveness or enforceability of Condition 18, subject to the provisions of Condition 6.10, the Bank may, at its option and without any requirement for the consent or approval of the Noteholders, having given not less than 30 days' nor more than 60 days' notice to the Fiscal Agent and the Noteholders in accordance with Condition 13 (which notice shall be irrevocable), at any time either substitute all, but not some only, of the Notes for, or vary the terms of the Notes so that they remain, or, as appropriate, become, Subordinated Qualifying Securities, provided that such substitution or variation does not itself give rise to any right of the Bank to redeem the substituted or varied securities.

In these Conditions, **Subordinated Qualifying Securities** means securities issued directly or indirectly by the Bank that:

- (a) other than in the case of a change in the governing law of the Notes under Condition 18 from English to Icelandic law in order to ensure the effectiveness and enforceability of Condition 18, have terms not materially less favourable to the Noteholders as a class than the terms of the Notes and, subject thereto, they shall (i) have a ranking at least equal to that of the Notes prior to the relevant substitution or variation; (ii) have the same interest rate and the same Interest Payment Dates as those from time to time applying to the Notes prior to the relevant substitution or variation; (iii) have the same redemption rights as the Notes prior to the relevant substitution or variation; (iv) comply with the then current requirements of the FSA in relation to Tier 2 capital; (v) preserve any existing rights under the Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of substitution or variation, as the case may be, or, if none, the Interest Commencement Date, and (vi) be assigned (or maintain) at least the same solicited credit

ratings, if any, as were assigned to the Notes immediately prior to the relevant substitution or variation (or, if a solicited credit rating assigned to the Notes was, as a result of Condition 18 becoming ineffective or unenforceable, amended prior to such substitution or variation, the solicited credit rating that was assigned to the Notes prior to such amendment); and

- (b) are listed on a recognised stock exchange, if the Notes were listed immediately prior to the relevant substitution or variation, as selected by the Bank.

6.13 Substitution or Variation – Senior Preferred Notes and Senior Non-Preferred Notes

This Condition 6.13 applies only to Senior Preferred Notes (other than where Unrestricted Events of Default is specified as being applicable in the applicable Final Terms) and Senior Non-Preferred Notes.

Upon the occurrence of a Tax Event or a MREL Disqualification Event, or if required in order to ensure the effectiveness or enforceability of Condition 18, subject to the provisions of Condition 6.10, the Bank may, at its option and without any requirement for the consent or approval of the Noteholders, having given not less than 30 days' nor more than 60 days' notice (which notice shall be irrevocable) to the Fiscal Agent and the Noteholders in accordance with Condition 13, at any time either substitute all, but not some only, of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, in the case of Senior Preferred Notes, Senior Preferred Qualifying Securities or, in the case of Senior Non-Preferred Notes, Senior Non-Preferred Qualifying Securities (as defined below), as the case may be.

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

Senior Non-Preferred Qualifying Securities means securities issued directly or indirectly by the Bank that:

- (a) other than in the case of a change in the governing law of the Notes under Condition 18 from English to Icelandic law in order to ensure the effectiveness and enforceability of Condition 18, have terms not materially less favourable to the Noteholders as a class than the terms of the Notes and, subject thereto, they shall (i) include a ranking at least equal to that of the Notes prior to the relevant substitution or variation; (ii) have the same interest rate and the same Interest Payment Dates as those from time to time applying to the Notes prior to the relevant substitution or variation; (iii) have the same redemption rights as the Notes prior to the relevant substitution or variation; (iv) comply with the then current requirements in relation to “eligible liabilities” (or any equivalent or successor term) provided for in the Applicable MREL Regulations; (v) preserve any existing rights under the Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of substitution or variation, as the case may be, or, if none, the Interest Commencement Date; (vi) be assigned (or maintain) at least the same solicited credit ratings, if any, as were assigned to the Notes immediately prior to the relevant substitution or variation (or, if a solicited credit rating assigned to the Notes was, as a result of Condition 18 becoming ineffective or unenforceable, amended prior to such substitution or variation, the solicited credit rating that was assigned to the Notes prior to such amendment); and
- (b) are listed on a recognised stock exchange, if the Notes were listed immediately prior to the relevant substitution or variation, as selected by the Bank; and

Senior Preferred Qualifying Securities means securities issued directly or indirectly by the Bank that:

- (a) other than in the case of a change in the governing law of the Notes under Condition 18 from English to Icelandic law in order to ensure the effectiveness and enforceability of Condition

18, have terms not materially less favourable to the Noteholders as a class than the terms of the Notes and, subject thereto, they shall (i) include a ranking at least equal to that of the Notes prior to the relevant substitution or variation; (ii) have the same interest rate and the same Interest Payment Dates as those from time to time applying to the Notes prior to the relevant substitution or variation; (iii) have the same redemption rights as the Notes prior to the relevant substitution or variation; (iv) comply with the then current requirements in relation to “eligible liabilities” (or any equivalent or successor term) provided for in the Applicable MREL Regulations; (v) preserve any existing rights under the Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of substitution or variation, as the case may be, or, if none, the Interest Commencement Date; (vi) be assigned (or maintain) at least the same solicited credit ratings, if any, as were assigned to the Notes immediately prior to the relevant substitution or variation (or, if a solicited credit rating assigned to the Notes was, as a result of Condition 18 becoming ineffective or unenforceable, amended prior to such substitution or variation, the solicited credit rating that was assigned to the Notes prior to such amendment); and

- (b) are listed on a recognised stock exchange, if the Notes were listed immediately prior to the relevant substitution or variation, as selected by the Bank.

6.14 Calculation of principal payments in respect of Inflation Linked Amortising Notes

Unless previously redeemed or purchased and cancelled, each Inflation Linked Amortising Note will, subject to Condition 5.9 (*Payments in respect of Inflation Linked Amortising Notes*), be redeemed in one or more amounts constituting payments of principal in relation to such Inflation Linked Amortising Note, 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 Notes;

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

c = The Rate of Interest applicable to the relevant Notes;

d = The Specified Denomination of the relevant Notes;

n = [*Insert total number of [annuity] payments on the relevant Notes*]; 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.*)

This formula does not link the principal amount calculated to inflation.

6.15 Calculation of principal payments in respect of Inflation Linked Notes

Unless previously redeemed or purchased and cancelled, each Inflation Linked Note will be redeemed in one or more amounts constituting payments of principal in relation to such Inflation Linked Note, 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 Note;

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

IR = the Index Ratio as set out in Condition 5.9(b) above.

7. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the Bank will be made without withholding or deduction for or on account of any present or future taxes or duties 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 Bank will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes 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 Notes 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 Note or Coupon:

- (a) presented for payment in Iceland; or
- (b) the holder of which is liable for such taxes or duties in respect of such Note or Coupon by reason of their having some connection with a Tax Jurisdiction other than the mere holding of such Note 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 5.6).

Notwithstanding any other provision of these Conditions, in no event will the Bank be required to pay any additional amounts in respect of the Notes and Coupons for, or on account of, 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, any regulations or agreements thereunder, or any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

As used herein:

- (i) **Tax Jurisdiction** means Iceland or any political subdivision or any authority thereof or therein having power to tax; and
- (ii) The **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, the Registrar or, in the case of ISD Notes, the ISD 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 Noteholders in accordance with Condition 13.

Other than in the case of Senior Preferred Notes where Unrestricted Events of Default is specified as being applicable in the applicable Final Terms and notwithstanding the foregoing, the payment of any additional amounts by the Bank pursuant to this Condition 7 shall be limited to such payments in respect of payments of interest only and no such payments shall be made in respect of any payments of principal.

8. PRESCRIPTION

The Notes (whether in bearer or registered form) 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 7) 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 or Condition 5.2 or any Talon which would be void pursuant to Condition 5.2.

9. EVENTS OF DEFAULT

9.1 Events of Default relating to Senior Preferred Notes, where applicable

This Condition 9.1 shall apply only to Senior Preferred Notes where Unrestricted Events of Default is specified as being applicable in the applicable Final Terms. If any one or more of the following events (each an **Event of Default**) shall occur and be continuing:

- (a) if default is made in the payment in the Specified Currency of any principal or interest due in respect of the Notes or any of them and the default continues for a period of five days in the case of principal and 10 days in the case of interest; or
- (b) if the Bank fails to perform or observe any of its other obligations under the Conditions and (except in any case where the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by a Noteholder on the Bank of notice requiring the same to be remedied; or
- (c) if (i) any Financial Indebtedness (as defined below) of the Bank or any of its Principal Subsidiaries becomes due and repayable prematurely by reason of an event of default (however described); (ii) the Bank or any of its Principal Subsidiaries fails to make any payment in respect of any Financial Indebtedness on the due date for payment as extended by any originally applicable grace period; (iii) any security given by the Bank or any of its Principal Subsidiaries for any Financial Indebtedness becomes enforceable; or (iv) default is made by the Bank or any of its Principal Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Financial Indebtedness of any other person, provided that the aggregate nominal amount of any such Financial Indebtedness of the Bank or such Principal Subsidiary in the case of (i), (ii) and/or (iii) above, and/or amount of Financial Indebtedness in relation to which such guarantee and/or indemnity of the Bank or such Principal Subsidiary has been given in the case of (iv) above, is at least €25,000,000 (or its equivalent in any other currency);
- (d) if any order is made by any competent court or resolution passed for the winding-up or dissolution of the Bank or any of its Principal Subsidiaries, save for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution; or
- (e) if the Bank or any of its Principal Subsidiaries ceases or threatens to cease to carry on (in the case of the Bank) the whole or a substantial part of its business or (in the case of a Principal

Subsidiary) the whole or substantially the whole of its business, save in each case for the purposes of reorganisation on terms previously approved by an Extraordinary Resolution, or the Bank or any of its Principal Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or

- (f) if (A) proceedings are initiated against the Bank or any of its Principal Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Bank or any of its Principal Subsidiaries or, as the case may be, in relation to all or substantially all of the undertaking or assets of any of them, or an encumbrance takes possession of all or substantially all of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against all or substantially all of the undertaking or assets of any of them and (B) in any case (other than the appointment of an administrator) is not discharged within 14 days; or
- (g) if the Bank or any of its Principal Subsidiaries initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors),

then any holder of a Note may, by written notice to the Bank at the specified office of the Fiscal Agent, effective upon the date of receipt thereof by the Fiscal Agent, declare any Note held by it to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount, together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

9.2 Events of Default – Senior Non-Preferred Notes, Subordinated Notes and Senior Preferred Notes, where applicable

- (a) This Condition 9.2 applies to Subordinated Notes, Senior Non-Preferred Notes and Senior Preferred Notes (other than where Unrestricted Events of Default is specified as being applicable in the applicable Final Terms). If:
 - (i) default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of five days in the case of principal and ten days in the case of interest; or
 - (ii) an order is made or an effective resolution is passed for the liquidation of the Bank (except for the purposes of a merger, reconstruction or amalgamation under which the continuing entity effectively assumes the entire obligations of the Bank under the Notes) or the Bank is otherwise declared insolvent or put into liquidation, in each case by a court or agency or supervisory authority in Iceland having jurisdiction in respect of the same under the Act on Financial Undertakings, No. 161/2002 and Act on Bankruptcy, etc. No. 21/1991,

any holder of a Note may:

- (A) (in the case of (i) above) institute proceedings for the Bank to be declared insolvent or its liquidation, in each case in Iceland and not elsewhere, and prove or claim in the liquidation of the Bank; and/or
- (B) (in the case of (ii) above), prove or claim in the liquidation of the Bank, whether in Iceland or elsewhere and instituted by the Bank itself or by a third party,

but (in either case) the holder of such Note may claim payment in respect of the Note only in the liquidation of the Bank.

- (b) In any of the events or circumstances described in Condition 9.2(a)(ii) above, the holder of any Note may, by notice to the Bank, declare such Note to be due and payable, and such Note shall accordingly become due and payable at its then Prevailing Principal Amount together with accrued interest to the date of payment but subject to such Noteholder only being able to claim payment in respect of the Note in the liquidation of the Bank.
- (c) The holder of any Note may at its discretion institute such proceedings against the Bank as it may think fit to enforce any obligation, condition, undertaking or provision binding on the Bank under the Notes (other than, without prejudice to Conditions 9.2(a) or 9.2(b) above, any obligation for the payment of any principal or interest in respect of the Notes) provided that the Bank shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it, except with the prior approval of the FSA.
- (d) No remedy against the Bank, other than as provided in Conditions 9.2(a), 9.2(b) and 9.2(c) above shall be available to the Noteholders, whether for the recovery of amounts owing in respect of the Notes or in respect of any breach by the Bank of any of its obligations or undertakings under the Notes.

9.3 Definitions

For the purposes of the Conditions:

Financial Indebtedness means any indebtedness for or in respect of:

- (a) borrowed money;
- (b) any amount raised by acceptance under any acceptance credit facility or any dematerialised equivalent;
- (c) any amount raised pursuant to any note purchase facility or the issue of any debenture, bond, note or loan stock or other similar instrument (with the exception of any loan stock issued by a member of the Group which is cash collateralised);
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with IFRS, be treated as a finance or capital lease;
- (e) receivables sold or discounted (otherwise than on a non-recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial or economic effect of a borrowing and which, for the avoidance of doubt, includes any transaction that is required to be classified and accounted for as borrowings, for financial reporting purposes in accordance with IFRS;

- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account); or
- (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;

Group means the Bank and its consolidated subsidiaries, taken as a whole;

IFRS means International Financial Reporting Standards; and

Principal Subsidiary means at any time a Subsidiary of the Bank:

- (a) whose gross revenues (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Bank and its Subsidiaries relate, are equal to) not less than 10 per cent. of the consolidated gross revenues, or, as the case may be, consolidated total assets, of the Bank and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, non-consolidated) of such Subsidiary and the then latest audited consolidated accounts of the Bank and its Subsidiaries, provided that in the case of a Subsidiary of the Bank acquired after the end of the financial period to which the then latest audited consolidated accounts of the Bank and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of the Bank and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Bank;
- (b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Bank which immediately prior to such transfer is a Principal Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Principal Subsidiary and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this subparagraph (b) on the date on which the consolidated accounts of the Bank and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or
- (c) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, generated (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated accounts of the Bank and its Subsidiaries relate, generate gross revenues equal to) not less than 10 per cent. of the consolidated gross revenues, or represent (or, in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated total assets, of the Bank and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a) above, provided that the transferor Subsidiary (if a Principal Subsidiary) shall upon such transfer forthwith cease to be a Principal Subsidiary unless immediately following such transfer its undertaking and assets generate (or, in the case aforesaid, generate gross revenues equal to) not less than 10 per cent. of the consolidated total gross revenues, or its assets represent (or,

in the case aforesaid, are equal to) not less than 10 per cent. of the consolidated total assets, of the Bank and its Subsidiaries taken as a whole, all as calculated as referred to in subparagraph (a) above, and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this subparagraph (c) on the date on which the consolidated accounts of the Bank and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (a) above or, prior to or after such date, by virtue of any other applicable provision of this definition,

all as more particularly defined in the Agency Agreement.

A report by two Authorised Signatories of the Bank that in their opinion a Subsidiary of the Bank is or is not or was or was not at any particular time or throughout any specified period a Principal Subsidiary, shall, in the absence of manifest error, be conclusive and binding on all parties.

10. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note, 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 Notes, Coupons) or the Registrar (in the case of Registered Notes) 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 Bank may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

11. PAYING AGENTS

The initial Paying Agents are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Bank 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, a Registrar and an ISD Agent;
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and
- (c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Bank is incorporated.

In addition, the Bank shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5.5. Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Bank in accordance with Condition 13.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Bank and do not assume any obligation to, or relationship of agency or trust with, any Noteholders 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.

12. 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 Fiscal 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 Note to which it appertains) a further Talon, subject to the provisions of Condition 8.

13. NOTICES

(a) *Notes other than ISD Notes*

All notices regarding the Notes (other than ISD Notes) 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 such Notes are admitted to trading on, and listed on the Official List of the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg or the Luxembourg Stock Exchange's website, www.bourse.lu. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London and the *Luxemburger Wort* or the *Tageblatt* in Luxembourg. The Bank shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes (other than ISD Notes) are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant stock exchange or relevant authority if required by those rules. 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 Notes 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 Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes 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 on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such websites or such mailing the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes 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 on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the second day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

(b) *ISD Notes*

All notices regarding the ISD Notes will be valid if published in a manner which complies with the rules and regulations of any stock exchange and/or any other relevant authority on which the ISD Notes 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 Notes are ISD Notes, the Bank can additionally at its own discretion obtain information from the ISD on the Notes in order to send notices to each Noteholder directly.

(c) *Notices given by Noteholders*

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Fiscal Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note 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.

14. MEETINGS OF NOTEHOLDERS AND MODIFICATION

(a) *Notes other than ISD Notes*

The Agency Agreement contains provisions for convening meetings (including by way of conference call or by use of a videoconference platform) of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Bank and shall be convened by the Bank if required in writing by Noteholders holding not less than five per cent. in nominal amount of the Notes 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 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons (including modifying the date of maturity of the Notes 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 Notes or altering the currency of payment of the Notes or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes 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 Notes for the time being outstanding. The Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Fiscal Agent) by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting and whether or not they voted on the resolution, and on all Couponholders.

The Fiscal Agent and the Bank may agree, without the consent of the Noteholders or Couponholders, to:

- (i) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Notes, the Coupons or the Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (ii) any modification of the Notes, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

Any such modification shall be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

(b) *ISD Notes*

The Bank may, in its capacity as ISD Agent, convene meetings of the holders of ISD Notes to consider any matter affecting their interests, including sanctioning by a majority of votes a modification of the ISD Notes. Such a meeting may be convened by the Bank or by the holders of not less than 10 per cent. of the Voting ISD Notes. For the purpose of this Condition, **Voting ISD Notes** means the aggregate nominal amount of the total number of ISD Notes not redeemed or otherwise deregistered in the ISD, less the ISD Notes owned by the Bank, any party who has decisive influence over the Bank or any party over whom the Bank 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 ISD Notes or at any adjourned meeting one or more persons being or representing holders of Voting ISD Notes whatever the nominal amount of the ISD Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the ISD Notes (including modifying the date of maturity of the ISD Notes 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 ISD Notes or altering the currency of payment of the ISD Notes), the quorum shall be one or more persons holding or representing not less than two-thirds in aggregate nominal amount of the Voting ISD Notes 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 ISD Notes. A resolution passed at any meeting of the holders of ISD Notes shall be binding on all the holders, whether or not they are present at such meeting.

The Bank, in its capacity as ISD Agent, may in certain circumstances, without the consent of the holders of the ISD Notes, 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 ISD Notes.

(c) *General*

Any modification to the Conditions is subject to the prior permission of the Relevant Regulator (if such permission is then required by the Applicable Banking Regulations and/or the Applicable MREL Regulations, as applicable).

15. FURTHER ISSUES

The Bank shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes 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 Notes.

16. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note 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.

17. GOVERNING LAW AND SUBMISSION TO JURISDICTION

17.1 Governing law

The Agency Agreement, the Deed of Covenant, the Notes, the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Notes and the Coupons are governed by, and construed in accordance with, English law, except for Condition 3, Condition 18 and the ISD Notes and any non-contractual obligations arising out of or in connection with Condition 3, Condition 18 or the ISD Notes, which will be governed by, and construed in accordance with, Icelandic law.

17.2 Submission to jurisdiction

- (a) Subject to Condition 17.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes (other than the ISD Notes) and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons (a **Dispute**) and accordingly each of the Bank and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

Subject to Condition 17.2(c) below, the District Court of Reykjavik has exclusive jurisdiction to settle any Dispute arising out of or in connection with the ISD Notes, and accordingly each of the Bank and any holders of the ISD Notes in relation to any Dispute submits to the exclusive jurisdiction of the District Court of Reykjavik. Legal action taken in respect of the ISD Notes under this Condition 17.2(a) may be proceeded with in accordance with the Act on Civil Procedure No. 91/1991, chapter 17.

- (b) For the purposes of this Condition 17.2, the Bank waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) To the extent allowed by law, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

17.3 Appointment of Process Agent

The Bank irrevocably appoints Law Debenture Corporate Services Limited at its registered office at Fifth Floor, 100 Wood Street, London EC2V 7EX as its agent for service of process in any proceedings before the English courts in relation to any Dispute, and agrees that, in the event of Law Debenture Corporate Services Limited being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Bank agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

17.4 Other documents

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

18. ACKNOWLEDGEMENT OF BAIL-IN AND LOSS ABSORPTION POWERS

18.1 Notwithstanding and to the exclusion of any other term of the Notes, or any other agreements, arrangements or understandings between any of the parties thereto or between the Bank and any Noteholder (which, for the purposes of this Condition 18, includes each holder of a beneficial interest in the Notes), each Noteholder by its acquisition of the Notes will be deemed to acknowledge, accept, and agree, that any liability of the Bank in respect of the Notes may be subject to the exercise of Bail-in and Loss Absorption Powers by the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

- (a) the effect of the exercise of any Bail-in and Loss Absorption Powers by the Relevant Resolution Authority, which exercise may include and result in (without limitation) any of the following, or a combination thereof:
 - (i) the reduction of all, or a portion, of the principal amount of, or any interest on, the Notes or any other outstanding amounts due under or in respect of the Notes;
 - (ii) the conversion of all, or a portion, of the principal amount of, or any interest on, the Notes or any other outstanding amounts due under or in respect of the Notes into shares, other securities or other obligations of the Bank or another person, and the issue to or conferral on the Noteholder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Notes;
 - (iii) the cancellation of the Notes; and
 - (iv) the amendment or alteration of the maturity of the Notes or amendment of the amount of interest payable on the Notes, or the date on which interest becomes payable, including by suspending payment for a temporary period; and
- (b) the variation of the terms of the Notes, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of any Bail-in and Loss Absorption Powers by the Relevant Resolution Authority.

In this Condition 18:

Relevant Resolution Authority means the FSA or any successor authority that has the power to implement Bail-in and Loss Absorption Measures with respect to the Bank; and

Bail-in and Loss Absorption Powers mean any write-down, conversion, transfer, modification, suspension or similar or related powers existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in Iceland, including, but not limited to, the Act on Recovery and Resolution of Financial Institutions and Investment Firms No. 70/2020 and the Act on Financial Undertakings No. 161/2002 as well as secondary laws enacted on the basis of those Acts, which provides any Relevant Resolution Authority with any such powers in respect of the Notes as a result of the implementation in Iceland of, or such laws, regulations, rules or requirement otherwise containing provisions analogous to, Directive 2014/59/EU establishing a framework for the

recovery and resolution of credit institutions and investment firms, including as amended by Directive 2019/879/EU and as further amended or replaced from time to time.

- 18.2 By its acquisition of the Notes, each Noteholder (including, for these purposes, each holder of a beneficial interest in the Notes): (a) acknowledges, accepts, consents and agrees to be bound by the exercise of any Bail-in and Loss Absorption Powers as they may be exercised without any prior notice by the Relevant Resolution Authority of its decision to exercise such powers with respect to such Notes and (b) shall be deemed to have authorised, directed and requested Euroclear, Clearstream, Luxembourg, ISD, any accountholder in Euroclear, Clearstream, Luxembourg or ISD and any other intermediary through which it holds such Notes to take any and all necessary action, if required, to implement the exercise of any Bail-in and Loss Absorption Powers with respect to such Notes as it may be exercised, without any further action or direction on the part of such Noteholder, the Fiscal Agent or any Paying Agent.
- 18.3 Upon the exercise of any Bail-in and Loss Absorption Powers by the Relevant Resolution Authority with respect to the Notes, the Bank will provide written notice to the Noteholders in accordance with Condition 13 as soon as practicable regarding such exercise of the Bail-in and Loss Absorption Powers for the purpose of notifying Noteholders of such occurrence. The Bank will also deliver a copy of such notice to the Fiscal Agent and the Paying Agents for information purposes. Any failure or delay by the Bank in giving any such notice to or otherwise to so notify the Noteholders will not in any way impact on the effectiveness of, or otherwise, invalidate, any such exercise of any Bail-in and Loss Absorption Powers by the Relevant Resolution Authority with respect to the Notes or give Noteholders any rights as a result of such failure or delay.
- 18.4 Neither a reduction or cancellation, in part or in full, of the principal or any other redemption amount of, or any interest on, the Notes or any other outstanding amounts due under or in respect of the Notes, the conversion thereof into another security or obligation of the Bank or another person, as a result of the exercise of any Bail-in and Loss Absorption Power by the Relevant Resolution Authority with respect to the Bank, nor the exercise of any Bail-in and Loss Absorption Power by the Relevant Resolution Authority with respect to the Notes will be an Event of Default or constitute the occurrence of any event related to the insolvency of the Bank or entitle Noteholders to take any action to cause the Bank to be declared bankrupt or for the liquidation of the Bank.

SCHEDULE 2
FORM OF DEED OF COVENANT

DEED OF COVENANT

DATED 16 OCTOBER 2023

ARION BANK HF.

€3,000,000,000
EURO MEDIUM TERM NOTE PROGRAMME

THIS DEED OF COVENANT is made on 16 October 2023 by **ARION BANK HF**, (the **Issuer**) in favour of the account holders or participants specified below of Clearstream Banking S.A. (**Clearstream, Luxembourg**), Euroclear Bank SA/NV (**Euroclear**) and/or any other additional clearing system or systems as is specified in Part B of the Final Terms, relating to any Note (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 or restated from time to time) dated 16 October 2023 with the Dealers named in it under which the Issuer proposes from time to time to issue Notes (the **Notes**).
- (B) The Issuer has also entered into an agency agreement dated 16 October 2023 (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) and made between the Issuer, Citibank, N.A., London Branch (the **Fiscal Agent**) and the other agents named in it.
- (C) Certain of the Notes will initially be represented by, and comprised in, Global Notes (as defined in the Agency Agreement), in each case representing a certain number of underlying Notes (the **Underlying Notes**).
- (D) Each Global Note may, on issue, be deposited with a depository for one or more Clearing Systems (together, the **Relevant Clearing System**) and, in the case of a Registered Global Note (as defined in the Agency Agreement), registered in the name of a nominee for one or more Relevant Clearing Systems. Upon any such registration and deposit of a Global Note the Underlying Notes represented by the Global Note 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 Notes credited to its securities account from time to time (other than any Relevant Clearing System which is an account holder of any other Relevant Clearing System) (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 Notes and (subject to and upon payment being made by the Issuer to the bearer in accordance with the terms of the relevant Global Note) will be entitled to receive payments from the Relevant Clearing System calculated by reference to the Underlying Notes credited to its securities account.
- (E) In certain circumstances specified in each Global Note, the bearer of the Bearer Global Note (as defined in the Agency Agreement), and the registered holder of the Registered Global Note, will have no further rights under the Global Note (but without prejudice to the rights which any person may have pursuant to this Deed of Covenant). The time at which this occurs. The time at which a Global Note 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 Relevant Time, duly executed and authenticated Definitive Notes (as defined in the Agency Agreement) had been issued and, in the case of Registered Notes, registered in respect of its Underlying Notes and the Definitive Notes were held and beneficially owned by the Relevant Account Holder.

NOW THIS DEED WITNESSES as follows:

1. If at any time, the bearer of the Bearer Global Note and the registered holder of the Registered Global Note ceases to have rights under it in accordance with its terms, the Issuer covenants with each Relevant Account Holder (other than any Relevant Clearing System 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 Notes in respect of each Underlying Note represented by the Global Note 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 shall be a separate and independent obligation by reference to each Underlying Note 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.

2. The records of the Relevant Clearing System shall be conclusive evidence of the identity of the Relevant Account Holders and the number of Underlying Notes 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 Notes 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, in the absence of manifest error, be conclusive evidence of the records of the Relevant Clearing System at the Relevant Time.

3. 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.
4. The Issuer undertakes in favour of each Relevant Account Holder that, in relation to any payment to be made by it under this Deed, it will comply with the provisions of Condition 8 to the extent that they apply to any payments in respect of Underlying Notes as if those provisions had been set out in full in this Deed.
5. 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.
6. 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.
7. 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 for Euroclear and Clearstream, Luxembourg (being at the date of this Deed Citibank Europe plc at 1 North Wall Quay, Dublin 1, Ireland) until all the obligations of the Issuer under this Deed have been discharged in full.
8. 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.

9. If any provision in or obligation under this Deed is or becomes invalid, illegal or unenforceable in any respect under the law of any jurisdiction, that will not affect or impair (i) the validity, legality or enforceability under the law of that jurisdiction of any other provision in or obligation under this Deed, and (ii) the validity, legality or enforceability under the law of any other jurisdiction of that or any other provision in or obligation under this Deed.
10.
 - (a) This Deed and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, the laws of England.
 - (b) Subject to 10(d) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed, including any dispute as to its existence, validity, interpretation, performance, breach or termination or the consequences of its nullity and any dispute relating to any non-contractual obligations arising out of or in connection with it (a **Dispute**) and each of the Issuer and any Relevant Account Holder in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
 - (c) For the purpose of this clause 10, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
 - (d) To the extent allowed by law, the Relevant Account Holders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.
 - (e) The Issuer irrevocably appoints Law Debenture Corporate Services Limited at its registered office at Fifth Floor, 100 Wood Street, London EC2V 7EX as its agent under this Deed for service of process in any proceedings before the English courts in relation to any Dispute and agrees that, in the event of Law Debenture Corporate Services Limited being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing in this clause shall affect the right to serve process in any other manner permitted by law.

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's Signature:.....

Name:

Address:

SCHEDULE 3

FORM OF PUT NOTICE for Notes in definitive form

ARION BANK HF.
[title of relevant Series of Notes]

By depositing this duly completed Notice with the Registrar (in the case of Registered Notes) or any Paying Agent (in the case of Bearer Notes) for the above Series of Notes (the **Notes**) the undersigned holder of the Notes surrendered with this Notice and referred to below irrevocably exercises its option to have [the full/]⁽¹⁾ nominal amount of the Notes redeemed in accordance with Condition 6 on [redemption date].

This Notice relates to Notes in the aggregate nominal amount of bearing the following serial numbers:

.....

If the Notes or a new Registered Note in respect of the balance of the Notes referred to above are to be returned or delivered (as the case may be)⁽²⁾ 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 Notes by transfer to the following bank account⁽¹⁾:

Bank: Branch Address:

Branch Code: Account Number:

Signature of holder:

[To be completed by recipient Registrar/Paying Agent]

Details of missing unmatured Coupons⁽³⁾

Received by:

[Signature and stamp of Registrar/Paying Agent]

At its office at: On:

NOTES:

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

N.B. The Registrar or, as the case may be, the Paying Agent with whom the above-mentioned Notes are deposited will not in any circumstances be liable to the depositing Noteholder 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 Notes 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 4

PROVISIONS FOR MEETINGS OF NOTEHOLDERS

1. DEFINITIONS

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

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

- (a) which relates to a specified nominal amount of Notes and a meeting (or adjourned meeting) of the holders of the Series of which those Notes form part;
- (b) in which it is certified that on the date thereof Notes (whether in definitive form or represented by a Global Note) (not being Notes in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction) have been deposited with such Paying Agent or (to the satisfaction of such Paying Agent) are held to its order or under its control or are blocked in an account with a Clearing System and that no such Notes will cease to be so deposited or held or blocked until the first to occur of:
 - (i) the conclusion of the meeting specified in such Block Voting Instruction; and
 - (ii) the surrender to the Paying Agent, not less than 48 Hours before the time for which such meeting is convened, of the receipt issued by such Paying Agent in respect of each such deposited Note which is to be released or (as the case may require) the Notes ceasing with the agreement of the Paying Agent to be held to its order or under its control or so blocked and the giving of notice by the Paying Agent to the Issuer in accordance with paragraph 3(e) of the necessary amendment to the Block Voting Instruction;
- (c) states that the Paying Agent has been instructed (either by the holders of the Notes or by a relevant clearing system) that the votes attributable to the Notes so blocked should be cast in accordance with the instructions given in relation to the resolution(s) to be put to such meeting and that all such instructions are, during the period commencing 48 Hours prior to the time for which such meeting is convened and ending at the conclusion or adjournment thereof, neither revocable nor capable of amendment;
- (d) which identifies with regard to each resolution to be proposed at the meeting the nominal amount of Notes so blocked, distinguishing with regard to each such resolution between those in respect of which instructions have been given that the votes attributable to them should be cast in favour of the resolution and those in respect of which instructions have been given that the votes attributable to them should be cast against the resolution; and
- (e) which 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 Notes identified in accordance with the instructions referred to in (d) above as set out in the block voting instruction;

Extraordinary Resolution means;

- (a) a resolution passed at a meeting of the Noteholders duly convened and held in accordance with the provisions of this Schedule by a majority consisting of not less than 75 per cent. 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 per cent. of the votes given on the poll;

- (b) a resolution in writing signed by or on behalf of all the Noteholders, 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 Noteholders; or
- (c) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Fiscal Agent) by or on behalf of all the Noteholders.

a relevant clearing system means, in respect of any Notes, any clearing system on behalf of which such Note is held or which is the bearer or (directly or through a nominee) registered owner of a Note, in each case whether alone or jointly with any other clearing system(s);

voting certificate means an English language certificate issued by a Paying Agent and dated in which it is stated:

- (a) that on the date thereof Notes (whether in definitive form or represented by a Global Note) (not being Notes in respect of which a Block Voting Instruction has been issued and is outstanding in respect of the meeting specified in such Voting Certificate) were deposited with such Paying Agent or (to the satisfaction of such Paying Agent) are held to its order or under its control or are blocked in an account with a Clearing System and that no such Notes will cease to be so deposited or held or blocked until the first occur of:
 - (i) the conclusion of the meeting specified in such Voting Certificate; and
 - (ii) the surrender of the Voting Certificate to the Paying Agent who issued the same; and
- (b) that the bearer of the voting certificate is entitled to attend and vote at the meeting and any adjourned meeting in respect of the Notes represented by the certificate;

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.

References in this Schedule to the **Notes** are to the Series of Notes in respect of which the meeting is, or is proposed to be, convened.

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 Notes:

- (a) a holder of any Notes in definitive form which is not held in an account with any clearing system;
- (b) a bearer of any voting certificate in respect of the Notes; and
- (c) a proxy specified in any block voting instruction.

A Noteholder may require the issue by any Paying Agent of voting certificates and block voting instructions in accordance with the terms of subclauses 3.1 to 3.4 below.

For the purposes of subclauses 3.1 and 3.4 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 Noteholder 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 Notes to which the voting certificate or block voting instruction relates and the Paying Agent with which the Notes have been deposited or the person holding the Notes to the order or under the control of any Paying Agent shall be deemed for those purposes not to be the holder of those Notes.

3. PROCEDURE FOR ISSUE OF VOTING CERTIFICATES AND BLOCK VOTING INSTRUCTIONS

3.1 Definitive Notes not held in a Clearing System - voting certificate

A holder of a Note in definitive form may obtain a voting certificate in respect of that Note from a Paying Agent (unless the Note 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 Note is deposited with the Paying Agent or (to the satisfaction of the Paying Agent) is held to its order or under its control upon terms that the Note will not cease to be deposited or held 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.

3.2 Global Notes and definitive Notes held in a relevant clearing system - voting certificate

A holder of a Note (not being a Note in respect of which instructions have been given to the Fiscal Agent in accordance with subclause 3.4) represented by a Global Note or which is in definitive form and is held in an account with any relevant clearing system may procure the delivery of a voting certificate in respect of that Note 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 Notes 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.

3.3 Definitive Notes not held in a Clearing System - block voting instruction

A holder of a Note in definitive form may require a Paying Agent to issue a block voting instruction in respect of that Note (unless the Note 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 Note 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 Note is held to the Paying Agent's order or under its control, in each case on terms that the Note will not cease to be so deposited or held 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 Note which is to be released or (as the case may require) the Note ceasing with the agreement of the Paying Agent to be held to its order or under its control and the giving of notice by the Paying Agent to the Issuer in accordance with subclause 3.4 of the necessary amendment to the block voting instruction; and
- (b) instructing the Paying Agent that the vote(s) attributable to each Note so deposited or held 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.

3.4 Global Notes and definitive Notes held in a relevant clearing system - block voting instruction

- (a) A holder of a Note (not being a Note in respect of which a voting certificate has been issued) represented by a Global Note or which is in definitive form and is held in an account with any relevant clearing system may require the Fiscal Agent to issue a block voting instruction in respect of the Note by first instructing the relevant clearing system to procure that the votes attributable to the holder's Note 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 Notes in respect of which instructions have been given and (iii) the manner in which the votes attributable to the Notes 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 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 Noteholder 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.

4. CONVENING OF MEETINGS, QUORUM, ADJOURNED MEETINGS

- 4.1 The Issuer may at any time and, if required in writing by Noteholders holding not less than 5 per cent. in nominal amount of the Notes for the time being outstanding, shall convene a meeting of the Noteholders and if the Issuer fails for a period of seven days to convene the meeting the meeting may be convened by the relevant Noteholders. Whenever the Issuer is about to convene any meeting it shall immediately give notice in writing to the Fiscal Agent of the day, time and place of the meeting (which need not be a physical place and instead may be way of a conference call, including by use of a videoconference platform) and of the nature of the business to be transacted at the meeting. Every meeting shall be held at a time and place approved by the Fiscal Agent.
- 4.2 At least 21 clear days' notice specifying the place, day and hour of the meeting shall be given to the Noteholders in the manner provided in Condition 14. 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) state fully the effect on the holders of such Extraordinary resolution, if passed. The notice shall include statements as to the manner in which Noteholders may arrange for voting certificates or block voting instructions to be issued and, if applicable, appoint proxies or representatives. A copy of the notice shall be sent by post to the Issuer (unless the meeting is convened by the Issuer).
- 4.3 The person (who may but need not be a Noteholder) 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 15 minutes after the time appointed for holding the meeting the Noteholders 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.
- 4.4 At any meeting one or more Eligible Persons present and holding or representing in the aggregate not less than 5 per cent. in nominal amount of the Notes 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 per cent. in nominal amount of the Notes for the time being outstanding provided that at any meeting the business of which includes any of the following matters (**Basic Terms Modifications**, each of which shall only be capable of being effected after having been approved by Extraordinary Resolution):

- (a) modification of the Maturity Date of the Notes 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 Notes or variation of the method of calculating the rate of interest in respect of the Notes; or
- (c) reduction of any Minimum Rate of Interest and/or Maximum Rate of Interest specified in the applicable Final Terms; or
- (d) modification of the currency in which payments under the Notes are to be made; or
- (e) modification of the Deed of Covenant; or
- (f) modification of the majority required to pass an Extraordinary Resolution; or
- (g) the sanctioning of any scheme or proposal described in subclause 5.9(f); or
- (h) alteration of this proviso or the proviso to subclause 4.5 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 Notes for the time being outstanding.

4.5 If within 15 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 Noteholders be dissolved. In any other 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 Fiscal Agent). 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 may either dissolve the meeting or adjourn it for a period, being not less than 14 clear days (but without any maximum number of clear days) and to a place as may be appointed by the Chair (either at or after the adjourned meeting) and approved by the Fiscal Agent, and the provisions of this sentence shall apply to all further adjourned meetings.

4.6 At any adjourned meeting one or more Eligible Persons present (whatever the nominal amount of the Notes 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 Basic Terms Modifications specified in the proviso to subclause 4.4 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 Notes for the time being outstanding.

4.7 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 subclause 4.2 and the notice shall state the relevant quorum.

5. CONDUCT OF BUSINESS AT MEETINGS

5.1 Every question submitted to a meeting shall be decided in the first instance by a show of hands. A poll may be demanded (before or on the declaration of the result of the show of hands) by the Chair,

the Issuer or any Eligible Person (whatever the amount of the Notes so held or represented by him). 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.

- 5.2 At any meeting, unless a poll is duly demanded, 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.
- 5.3 Subject to subclause 5.5, 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.
- 5.4 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.
- 5.5 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.
- 5.6 Any director or officer of the Issuer and its lawyers and financial advisers and any director or officer of any of the Paying Agents may attend and speak at any meeting. Subject to this, but without prejudice to the proviso to the definition of **outstanding** in subclause 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 Noteholders 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 Notes which are deemed not to be outstanding by virtue of the proviso to the definition of "outstanding" in clause 1. 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.
- 5.7 Subject as provided in subclause 5.6, at any meeting:
- (a) on a show of hands every Eligible Person present shall have one vote; and
 - (b) on a poll every Eligible Person present shall have one vote in respect of:
 - (i) each €1.00; and
 - (ii) in the case of a meeting of the holders of Notes denominated in a currency other than euro, the equivalent of €1.00 in that currency (calculated as specified in subclause 5.13(a) and 5.13(b)).

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.

- 5.8 The proxies named in any block voting instruction need not be Noteholders.

- 5.9 A meeting of the Noteholders 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 subclauses 4.4 and 4.6), namely:
- (a) power to approve any compromise or arrangement proposed to be made between the Issuer and the Noteholders and Couponholders or any of them;
 - (b) power to approve any abrogation, modification, compromise or arrangement in respect of the rights of the Noteholders and Couponholders against the Issuer or against any of its property whether these rights arise under this Agreement, the Notes or the Coupons or otherwise and whether or not involving a reduction or cancellation of all or part of the principal, interest or other amounts payable in respect of the Notes or an extinguishment of some or all of the rights of the Noteholders in respect of the Notes;
 - (c) power to agree to any modification of the provisions contained in this Agreement or the Conditions, the Notes, the Coupons or the Deed of Covenant which is proposed by the Issuer;
 - (d) power to give any authority or approval which under the provisions of this Schedule or the Notes is required to be given by Extraordinary Resolution;
 - (e) power to appoint any persons (whether Noteholders or not) as a committee or committees to represent the interests of the Noteholders and to confer upon any committee or committees any powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution;
 - (f) power to approve any scheme or proposal for the exchange or sale of the Notes for, or the conversion of the Notes into, or the cancellation of the Notes in consideration of, shares, stock, notes, 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, notes, 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 Notes and the Coupons.
- 5.10 Any resolution (including an Extraordinary Resolution) (i) passed at a meeting of the Noteholders duly convened and held (ii) passed as a resolution in writing or (iii) passed by way of electronic consents given by Noteholders through the relevant clearing system(s), in accordance with the provisions of this Schedule, shall be binding upon all the Noteholders whether present or not present at the meeting referred to in (i) above and whether or not voting (including when passed as a resolution in writing or by way of electronic consent) and upon all Couponholders 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 Noteholders shall be published in accordance with Condition 14 by the Issuer within 14 days of the result being known provided that non-publication shall not invalidate the resolution.
- 5.11 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.

- 5.12 Subject to all other provisions contained in this Schedule the Fiscal Agent may without the consent of the Issuer, the Noteholders or the Couponholders prescribe any other regulations regarding the calling and/or the holding of meetings of Noteholders and attendance and voting at them as the Fiscal 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 circumstances where it may be impractical or inadvisable to hold physical meetings). Any regulations prescribed by the Fiscal Agent may but need not reflect the practices and facilities of any relevant clearing system. Notice of any other regulations may be given to Noteholders in accordance with Condition 14 and/or at the time of service of any notice convening a meeting.
- 5.13 If the Issuer has issued and has outstanding Notes which are not denominated in euro, the nominal amount of such Notes shall:
- (a) for the purposes of subclause 4.1 above, be the equivalent in euro at the spot rate of a bank nominated by the Fiscal Agent for the conversion of the relevant currency or currencies into euro on the seventh dealing day before the day on which the written requirement to call the meeting is received by the Issuer; and
 - (b) for the purposes of subclauses 4.4, 4.6 and 5.7 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 euro of Zero Coupon Notes or any other Notes issued at a discount or a premium shall be calculated by reference to the original nominal amount of those Notes.

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 Notes (converted as above) which they hold or represent.

SCHEDULE 5

FORMS OF GLOBAL AND DEFINITIVE NOTES, COUPONS AND TALONS

PART 1 OF SCHEDULE 5

FORM OF TEMPORARY BEARER GLOBAL NOTE

ARION BANK HF.

TEMPORARY BEARER GLOBAL NOTE

This Global Note is a Temporary Bearer Global Note in respect of a duly authorised issue of Notes (the **Notes**) 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 Note to the Conditions shall be to the Terms and Conditions of the Notes as set out in Schedule 1 to the Agency Agreement (as defined below) as completed by the information set out in the Final Terms, but in the event of any conflict between the provisions of (a) that Schedule or (b) this Global Note 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 Note.

This Global Note is issued subject to, and with the benefit of, the Conditions and an agency agreement dated 16 October 2023 (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) and made between the Issuer, Citibank, N.A., 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 Note on the Maturity Date and/or on such earlier date(s) as all or any of the Notes represented by this Global Note may become due and repayable in accordance with the Conditions, the amount payable under the Conditions in respect of the Notes represented by this Global Note on each such date and to pay interest (if any) on the nominal amount of the Notes from time to time represented by this Global Note calculated and payable as provided in the Conditions together with any other sums payable under the Conditions, upon (if the Final Terms indicates that this Global Note is not intended to be a New Global Note) presentation and, at maturity, surrender of this Global Note to or to the order of the Fiscal Agent or 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 Notes, but in each case subject to the requirements as to certification provided below.

If the Final Terms indicates that this Global Note is intended to be a New Global Note, the nominal amount of Notes represented by this Global Note shall be the aggregate amount from time to time entered in the records of both Euroclear Bank S.A./N.V. and Clearstream Banking S.A. (together, the **relevant Clearing Systems**). The records of the relevant Clearing Systems (which expression in this Global Note means the records that each relevant Clearing System holds for its customers which reflect the amount of such customer's interest in the Notes) shall be conclusive evidence of the nominal amount of Notes represented by this Global Note and, for these purposes, a statement issued by a relevant Clearing System stating the nominal amount of Notes represented by this Global Note at any time (which statement shall be made available to the bearer upon request) shall, save in the case of manifest error, be conclusive evidence of the records of the relevant Clearing System at that time.

If the Final Terms indicates that this Global Note is not intended to be a New Global Note, the nominal amount of the Notes represented by this Global Note shall be the aggregate nominal amount stated in the 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 or 3 of Schedule One or in Schedule Two.

On any redemption, Write-Down, in the case of Subordinated Notes, or payment of interest being made in respect of, or purchase and cancellation of, any of the Notes represented by this Global Note the Issuer shall procure that:

- (a) if the Final Terms indicates that this Global Note is intended to be a New Global Note, details of such redemption, Write-Down, 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 Notes recorded in the records of the relevant Clearing Systems and represented by this Global Note shall be reduced by the aggregate nominal amount of the Notes so redeemed, Written-Down, or purchased and cancelled; or
- (b) if the Final Terms indicates that this Global Note is not intended to be a New Global Note, details of such redemption, Write-Down, 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, Write-Down, payment or purchase and cancellation (as the case may be) shall be signed by or on behalf of the Issuer. Upon any such redemption, Write-Down, or purchase and cancellation, the nominal amount of the Notes represented by this Global Note shall be reduced by the nominal amount of the Notes so redeemed, Written-Down or purchased and cancelled.

Payments due in respect of Notes for the time being represented by this Global Note shall be made to the bearer of this Global Note 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 Note 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 Notes (as shown by its records) a certificate of non-US beneficial ownership in the form required by it. The bearer of this Global Note 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 Note is improperly withheld or refused.

On or after the date (the **Exchange Date**) which is 40 days after the Issue Date, this Global Note may be exchanged in whole or in part (free of charge) for, as specified in the Final Terms, either:

- (a) security printed Definitive Bearer Notes and (if applicable) Coupons and Talons in the form set out in Part 4, Part 5 and Part 6 respectively of Schedule 5 to the Agency Agreement (on the basis that all the appropriate details have been included on the face of such Definitive Bearer Notes and (if applicable) Coupons and Talons and the Final Terms (or the relevant provisions of the Final Terms) have been endorsed on or attached to such Definitive Bearer Notes); or
- (b) either, (i) if the Final Terms indicates that this Global Note is intended to be a New Global Note, interests recorded in the records of the relevant Clearing Systems in a Permanent Bearer Global Note, or (ii) if the Final Terms indicates that this Global Note is not intended to be a New Global Note, a Permanent Bearer Global Note, which, in either case, is in or substantially in the form set out in Part 2 of Schedule 5 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 Note.

If Definitive Bearer Notes and (if applicable) Coupons and/or Talons have already been issued in exchange for all the Notes represented for the time being by the Permanent Bearer Global Note, then this Global Note

may only thereafter be exchanged for Definitive Bearer Notes and (if applicable) Coupons and/or Talons in accordance with the terms of this Global Note.

This Global Note 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, as appropriate, (i) the Definitive Bearer Notes or (as the case may be) the Permanent Bearer Global Note (where the Final Terms indicates that this Global Note is not intended to be a New Global Note), shall be so issued and delivered, or (ii) the interests in the Permanent Bearer Global Note (where the Final Terms indicates that this Global Note is intended to be a New Global Note) shall be recorded in the records of the relevant Clearing System, in each case in exchange for only that portion of this Global Note 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 Notes (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 Notes or interests in a Permanent Bearer Global Note issued upon an exchange of this Global Note will, subject to the terms hereof, be equal to the aggregate nominal amount of this Global Note submitted by the bearer for exchange (to the extent that such nominal amount does not exceed the aggregate nominal amount of this Global Note).

On an exchange of the whole of this Global Note, this Global Note shall be surrendered to or to the order of the Fiscal Agent. On an exchange of part only of this Global Note, the Issuer shall procure that:

- (a) if the Final Terms indicates that this Global Note is intended to be a New Global Note, details of such exchange shall be entered *pro rata* in the records of the relevant Clearing Systems; or
- (b) if the Final Terms indicates that this Global Note is not intended to be a New Global Note, 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 Note and the Notes represented by this Global Note shall be reduced by the nominal amount so exchanged. On any exchange of this Global Note for a Permanent Bearer Global Note, details of such exchange shall also be entered by or on behalf of the Issuer in Schedule Two to the Permanent Bearer Global Note and the relevant space in Schedule Two to the Permanent Bearer Global Note recording such exchange shall be signed by or on behalf of the Issuer.

Until the exchange of the whole of this Global Note, the bearer of this Global Note shall in all respects (except as otherwise provided in this Global Note) be entitled to the same benefits as if he were the bearer of Definitive Bearer Notes and the relative Coupons and/or Talons (if any) represented by this Global Note. 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 Note as the absolute owner of this Global Note for all purposes.

In the event that this Global Note (or any part of it) has become due and repayable in accordance with the Conditions or that the Maturity Date 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 from 8.00 p.m. (London time) on such day each Noteholder will become entitled to proceed directly against the Issuer on, and subject to, the terms of the Deed of Covenant executed by the Issuer on 16 October 2023 in respect of the Notes (the **Deed of Covenant**, 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) and the bearer will have no further rights under this Global Note (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 16 October 2023 in respect of the Notes).

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Global Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

If any provision in or obligation under this Global Note is or becomes invalid, illegal or unenforceable in any respect under the law of any jurisdiction, that will not affect or impair (i) the validity, legality or enforceability under the law of that jurisdiction of any other provision in or obligation under this Global Note, and (ii) the validity, legality or enforceability under the law of any other jurisdiction of that or any other provision in or obligation under this Global Note.

This Global Note and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.

This Global Note shall not be valid unless authenticated by the Fiscal Agent and, if the Final Terms that this Global Note 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 Note to be duly executed on its behalf.

ARION BANK HF.

By:

<p>Authenticated without recourse, warranty or liability by</p> <p>CITIBANK, N.A., LONDON BRANCH</p> <p>By:</p> <p>Effectuated without recourse, warranty or liability by</p> <p>..... as common safekeeper</p> <p>By:</p>

PART 2

REDEMPTIONS OR WRITE-DOWN

Date made	Total amount of principal payable	Amount of principal paid	Remaining nominal amount of this Global Note following such redemption or Write-Down, as applicable*	Confirmation of redemption or Write-Down, as applicable, on behalf of the Issuer
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
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_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

* See the most recent entry in Part 2 or 3 of Schedule One or in Schedule Two in order to determine this amount.

PART 3

PURCHASES AND CANCELLATIONS

Date made	Part of nominal amount of this Global Note purchased and cancelled	Remaining nominal amount of this Global Note following such purchase and cancellation *	Confirmation of purchase and cancellation on behalf of the Issuer
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
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_____	_____	_____	_____
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_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

* See the most recent entry in Part 2 or 3 of Schedule One or in Schedule Two in order to determine this amount.

SCHEDULE TWO TO THE TEMPORARY BEARER GLOBAL NOTE²

**EXCHANGES
FOR DEFINITIVE BEARER NOTES OR PERMANENT BEARER GLOBAL NOTE**

The following exchanges of a part of this Global Note for Definitive Bearer Notes or a Permanent Bearer Global Note have been made:

Date made	Nominal amount of this Global Note exchanged for Definitive Bearer Notes or a Permanent Bearer Global Note	Remaining nominal amount of this Global Note following such exchange*	Notation made on behalf of the Issuer
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
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_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

² Schedule Two should only be completed where the applicable Final Terms indicates that this Global Note is not intended to be a New Global Note.
^{*} See the most recent entry in Part 2 or 3 of Schedule One or in Schedule Two in order to determine this amount.

PART 2 OF SCHEDULE 5

FORM OF PERMANENT BEARER GLOBAL NOTE

[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.]*

ARION BANK HF.

PERMANENT BEARER GLOBAL NOTE

This Global Note is a Permanent Bearer Global Note in respect of a duly authorised issue of Notes (the **Notes**) 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 Note to the Conditions shall be to the Terms and Conditions of the Notes as set out in Schedule 1 to the Agency Agreement (as defined below) as completed by the information set out in the Final Terms, but in the event of any conflict between the provisions of (a) that Schedule or (b) this Global Note and the information set out in 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 Note.

This Global Note is issued subject to, and with the benefit of, the Conditions and an agency agreement dated 16 October 2023 (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) and made between the Issuer, Citibank, N.A., 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 Note on the Maturity Date and/or on such earlier date(s) as all or any of the Notes represented by this Global Note may become due and repayable in accordance with the Conditions, the amount payable under the Conditions in respect of the Notes represented by this Global Note on each such date and to pay interest (if any) on the nominal amount of the Notes from time to time represented by this Global Note calculated and payable as provided in the Conditions together with any other sums payable under the Conditions, upon (if the Final Terms indicates that this Global Note is not intended to be a New Global Note) presentation and, at maturity, surrender of this Global Note to or to the order of the Fiscal Agent or 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 Notes.

If the Final Terms indicates that this Global Note is intended to be a New Global Note, the nominal amount of Notes represented by this Global Note shall be the aggregate amount from time to time entered in the records of both Euroclear Bank SA/NV and Clearstream Banking S.A. (together, the **relevant Clearing Systems**). The records of the relevant Clearing Systems (which expression in this Global Note means the records that each relevant Clearing System holds for its customers which reflect the amount of such customer's interest in the Notes) shall be conclusive evidence of the nominal amount of Notes represented by this Global Note and, for these purposes, a statement issued by a relevant Clearing System stating the nominal amount of Notes represented by this Global Note at any time (which statement shall be made available to the bearer upon request) shall, save in the case of manifest error, be conclusive evidence of the records of the relevant Clearing System at that time.

* This legend can be deleted if TEFRA C or TEFRA not applicable is specified in the applicable Final Terms.

If the Final Terms indicates that this Global Note is not intended to be a New Global Note, the nominal amount of the Notes represented by this Global Note shall be the aggregate nominal amount stated in the 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 or 3 of Schedule One or in Schedule Two.

On any redemption, Write-Down, in the case of Subordinated Notes, or payment of interest being made in respect of, or purchase and cancellation of, any of the Notes represented by this Global Note, the Issuer shall procure that:

- (i) if the Final Terms indicates that this Global Note is intended to be a New Global Note, details of such redemption, Write-Down, 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 Notes recorded in the records of the relevant Clearing Systems and represented by this Global Note shall be reduced by the aggregate nominal amount of the Notes so redeemed, Written-Down or purchased and cancelled; or
- (ii) if the Final Terms indicates that this Global Note is not intended to be a New Global Note, details of such redemption, Write-Down, 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, Write-Down, payment or purchase and cancellation (as the case may be) shall be signed by or on behalf of the Issuer. Upon any such redemption, Write-Down, or purchase and cancellation, the nominal amount of the Notes represented by this Global Note shall be reduced by the nominal amount of the Notes so redeemed, Written-Down or purchased and cancelled.

Payments due in respect of Notes for the time being represented by this Global Note shall be made to the bearer of this Global Note 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 Notes have initially been represented by one or more Temporary Bearer Global Notes, on any exchange of any such Temporary Bearer Global Note for this Global Note or any part of it:

- (i) the Issuer shall procure that if the Final Terms indicates that this Global Note is intended to be a New Global Note, details of such exchange shall be entered in the records of the relevant Clearing Systems; or
- (ii) if the Final Terms indicates that this Global Note is not intended to be a New Global Note, 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, whereupon the nominal amount of the Notes represented by this Global Note shall be increased by the nominal amount of any such Temporary Global Note so exchanged.

In certain circumstances further notes may be issued which are intended on issue to be consolidated and form a single Series with the Notes. In such circumstances the Issuer shall procure that:

- (i) if the Final Terms indicates that this Global Note is intended to be a New Global Note, details of such further notes shall be entered in the records of the relevant Clearing Systems such that the nominal amount of Notes represented by this Global Note shall be increased by the amount of such further notes so issued; or
- (ii) if the Final Terms indicates that this Global Note is not intended to be a New Global Note, details of such further notes shall be entered by or on behalf of the Issuer in Schedule Two and the relevant space in Schedule Two recording such further notes shall be signed by or on behalf of the Issuer, whereupon the nominal amount of the Notes represented by this Global Note shall be increased by the nominal amount of any such further notes so issued.

This Global Note may be exchanged in whole but not in part (free of charge) for security printed Definitive Bearer Notes and (if applicable) Coupons, and/or Talons in the form set out in Part 4, Part 5 and Part 6 respectively of Schedule 5 to the Agency Agreement (on the basis that all the appropriate details have been included on the face of such Definitive Bearer Notes and (if applicable) Coupons and Talons and the Final Terms (or the relevant provisions of the Final Terms) have been endorsed on or attached to such Definitive Bearer Notes) only upon the occurrence of an Exchange Event.

An **Exchange Event** means:

- (i) an Event of Default (as defined in Condition 10) has occurred and is continuing; or
- (ii) 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
- (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by this Global Note in definitive form.

In the event of the occurrence of an Exchange Event:

- (A) the Issuer will promptly give notice to Noteholders in accordance with Condition 14; and
- (B) one or more of the relevant Clearing Systems acting on the instructions of any holder of an interest in this Global Note may give notice to the Fiscal Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Fiscal 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 and will be made on any day (other than a Saturday or Sunday) on which banks are open for general business in London. The aggregate nominal amount of Definitive Bearer Notes issued upon an exchange of this Global Note will be equal to the aggregate nominal amount of this Global Note at the time of such exchange.

On an exchange of this Global Note, this Global Note shall be surrendered to or to the order of the Fiscal Agent.

Until the exchange of this Global Note, the bearer of this Global Note shall in all respects (except as otherwise provided in this Global Note) be entitled to the same benefits as if they were the bearer of Definitive Bearer Notes and the relative Coupons and/or Talons (if any) represented by this Global Note. 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 Note as the absolute owner of this Global Note for all purposes.

In the event that (a) this Global Note (or any part of it) has become due and repayable in accordance with the Conditions or that the Maturity Date 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, or (b) following an Exchange Event, this Global Note is not duly exchanged for definitive Notes by the day provided above, then from 8.00 p.m. (London time) on such day each Noteholder will become entitled to proceed directly against the Issuer on, and subject to, the terms of the Deed of Covenant executed by the Issuer on 16 October 2023 in respect of the Notes (the **Deed of Covenant**, 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) and the bearer will have no further rights under this Global Note (but without prejudice to the rights which the bearer or any other person may have under the Deed of Covenant).

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Global Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

If any provision in or obligation under this Global Note is or becomes invalid, illegal or unenforceable in any respect under the law of any jurisdiction, that will not affect or impair (i) the validity, legality or enforceability under the law of that jurisdiction of any other provision in or obligation under this Global Note, and (ii) the validity, legality or enforceability under the law of any other jurisdiction of that or any other provision in or obligation under this Global Note.

This Global Note and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.

This Global Note shall not be valid unless authenticated by the Fiscal Agent and, if the Final Terms indicates that this Global Note 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 Note to be duly executed on its behalf.

ARION BANK HF.

By:

<p>Authenticated without recourse, warranty or liability by</p> <p>CITIBANK, N.A., LONDON BRANCH</p> <p>By:</p> <p>Effectuated without recourse, warranty or liability by</p> <p>..... as common safekeeper</p> <p>By:</p>

PART 2

REDEMPTIONS OR WRITE-DOWN

Date made	Total amount of principal payable	Amount of principal paid	Remaining nominal amount of this Global Note following such redemption or Write-Down, as applicable*	Confirmation of redemption or Write-Down, as applicable, on behalf of the Issuer
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

* See the most recent entry in Part 2 or 3 of Schedule One or in Schedule Two in order to determine this amount.

PART 3

PURCHASES AND CANCELLATIONS

Date made	Part of nominal amount of this Global Note purchased and cancelled	Remaining nominal amount of this Global Note following such purchase and cancellation *	Confirmation of purchase and cancellation on behalf of the Issuer
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

* See the most recent entry in Part 2 or 3 of Schedule One or in Schedule Two in order to determine this amount.

SCHEDULE TWO TO THE PERMANENT BEARER GLOBAL NOTE²

SCHEDULE OF EXCHANGES AND ISSUES OF FURTHER NOTES

The following exchanges or further notes affecting the nominal amount of this Global Note have been made:

Date made	Nominal amount of Temporary Bearer Global Note exchanged for this Global Note or nominal amount of further notes issued	Remaining nominal amount of this Global Note following such exchange or further notes issued*	Notation made on behalf of the Issuer
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

² Schedule Two should only be completed where the applicable Final Terms indicates that this Global Note is not intended to be a New Global Note.
^{*} See the most recent entry in Part 2 or 3 of Schedule One or in Schedule Two in order to determine this amount.

PART 3 OF SCHEDULE 5

FORM OF REGISTERED GLOBAL NOTE

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 NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART.

ARION BANK HF.

REGISTERED GLOBAL NOTE

Arion Bank HF. (the **Issuer**) hereby certifies that [[]⁽¹⁾ is, at the date hereof, entered in the Register as the holder]/[the person whose name is entered in the Register is the registered holder]⁽¹⁾ of the aggregate nominal amount of [] of a duly authorised issue of Notes (the **Notes**) described, and having the provisions specified, in Part A of the attached Final Terms (the **Final Terms**). References in this Global Note to the Conditions shall be to the Terms and Conditions of the Notes set out in Schedule 1 to the Agency Agreement (as defined below) as completed 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 Note 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 Note.

This Global Note is issued subject to, and with the benefit of, the Conditions and an agency agreement dated 16 October 2023 (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) and made between the Issuer, Citibank, N.A., London Branch (the **Fiscal Agent** and the **Registrar**) and the other agents named in it.

Subject to and in accordance with the Conditions, the registered holder of this Global Note is entitled to receive on the Maturity Date and/or on such earlier date(s) as all or any of the Notes represented by this Global Note may become due and repayable in accordance with the Conditions, the amount payable under the Conditions in respect of the Notes represented by this Global Note on each such date and to pay interest (if any) on the nominal amount of the Notes from time to time represented by this Global Note calculated and payable as provided in the Conditions together with any other sums payable under the Conditions, all in accordance with the Conditions.

The nominal amount of the Notes held by the registered holder hereof shall be the aggregate nominal amount stated in the Final Terms or, if lower, the nominal amount most recently entered in the Register.

On any redemption, Write-Down, in the case of Subordinated Notes, or payment of interest being made in respect of, or purchase and cancellation of, any of the Notes represented by this Global Note, details of such redemption, payment or purchase and cancellation (as the case may be) shall be entered by the Registrar in the

⁽¹⁾ To be included on a Global Note registered in the name of a nominee of a common depository for Euroclear and Clearstream, Luxembourg only.

Register. Upon any such redemption, Write-Down, or purchase and cancellation, the nominal amount of the Notes held by the registered holder hereof shall be reduced by the nominal amount of the Notes so redeemed, Written-Down or purchased and cancelled.

Notes represented by this Global Note are transferable only in accordance with, and subject to, the provisions of this Global Note (including the legend set out above) and of Condition 2 and the rules and operating procedures of Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A., (**Clearstream, Luxembourg**)

This Global Note may be exchanged in whole but not in part (free of charge) for Definitive Registered Notes in the form set out in Part 3 of Schedule 5 to the Agency Agreement (on the basis that all the appropriate details have been included on the face of such Definitive Registered Notes and the Final Terms (or the relevant provisions of the Final Terms) have been endorsed on or attached to such Definitive Registered Notes) only upon the occurrence of an Exchange Event.

An **Exchange Event** means:

- (a) an Event of Default (as defined in Condition 10) has occurred and is continuing;
- (b) if this Global Note 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
- (c) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by this Global Note in definitive form.

The Issuer will promptly give notice to Noteholders in accordance with Condition 14 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 Note, may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (c) 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 and will be made upon presentation of this Global Note at the office of the Registrar by or on behalf of the holder of it on any day (other than a Saturday or Sunday) on which banks are open for general business in London. The aggregate nominal amount of Definitive Registered Notes issued upon an exchange of this Global Note will be equal to the aggregate nominal amount of this Global Note at the time of such exchange.

On an exchange in whole of this Global Note, this Global Note shall be surrendered to or to the order of the Registrar.

On any exchange following which Notes represented by this Global Note are no longer to be so represented details of the exchange shall be entered by the Registrar in the Register, following which the nominal amount of this Global Note and the Notes held by the registered holder of this Global Note shall be reduced by the nominal amount so exchanged.

Until the exchange of the whole of this Global Note, the registered holder of this Global Note shall in all respects (except as otherwise provided in this Global Note and in the Conditions) be entitled to the same benefits as if they were the registered holder of the Definitive Registered Notes represented by this Global Note.

Payments due in respect of Notes for the time being represented by this Global Note shall be made to the registered holder of this Global Note and each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make entries in the register referred to above shall not affect such discharge.

In the event that (a) this Global Note (or any part of it) has become due and repayable in accordance with the Conditions or that the Maturity Date has occurred and, in either case, payment in full of the amount due has not been made to the registered holder of this Global Note in accordance with the provisions set out above or (b) following an Exchange Event, this Global Note is not duly exchanged for definitive Notes by the day provided above, then from 8.00 p.m. London time on such day each Noteholder will become entitled to proceed directly against the Issuer on, and subject to the terms of, a Deed of Covenant executed by the Issuer on 16 October 2023 in respect of the Notes (the **Deed of Covenant**, 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) in respect of the Notes and the registered holder will have no further rights under this Global Note (but without prejudice to the rights which the registered holder or any other person may have under the Deed of Covenant).

This Global Note is not a document of title. Entitlements are determined by entry in the Register and only the duly registered holder from time to time is entitled to payment in respect of this Global Note.

The statements in the legend set out above are an integral part of the terms of this Global Note and, by acceptance of this Global Note, the registered holder of this Global Note agrees to be subject to and bound by the terms and provisions set out in the legend.

If any provision in or obligation under this Global Note is or becomes invalid, illegal or unenforceable in any respect under the law of any jurisdiction, that will not affect or impair (i) the validity, legality or enforceability under the law of that jurisdiction of any other provision in or obligation under this Global Note, and (ii) the validity, legality or enforceability under the law of any other jurisdiction of that or any other provision in or obligation under this Global Note.

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Global Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

This Global Note and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.

This Global Note shall not be valid unless authenticated by the Registrar and, if the applicable Final Terms indicates that this Global Note 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 Note to be duly executed on its behalf.

ARION BANK HF.

By

Authenticated without recourse, warranty or liability by
CITIBANK, N.A. LONDON BRANCH
By:

Effectuated without recourse,
warranty or liability by

.....
as common safekeeper

By:

PART 4 OF SCHEDULE 5
FORM OF DEFINITIVE BEARER NOTE

[Face of Note]

00	000000	[ISIN]	00	000000
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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.]*

ARION BANK HF.

[Specified Currency and Nominal Amount of Tranche] Notes Due [Year of Maturity]

This Note is one of a duly authorised issue of Notes denominated in the Specified Currency and maturing on the Maturity Date (the **Notes**) of Arion Bank hf. (the **Issuer**). References in this Note to the Conditions shall be to the Terms and Conditions endorsed on this Note/attached to this Note/set out in Schedule 1 to the Agency Agreement (as defined below) which shall be incorporated by reference in this Note and have effect as if set out in it as completed by Part A of the Final Terms (the **Final Terms**) (or the relevant provisions of the Final Terms) endorsed on this Note 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 Note is issued subject to, and with the benefit of, the Conditions and an agency agreement dated 16 October 2023 (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) and made between the Issuer, Citibank, N.A., 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 Note on the Maturity Date and/or on such earlier date(s) as this Note may become due and repayable in accordance with the Conditions, the amount payable under the Conditions in respect of this Note on each such date and to pay interest (if any) on this Note calculated and payable as provided in the Conditions together with any other sums payable under the Conditions.

If any provision in or obligation under this Note is or becomes invalid, illegal or unenforceable in any respect under the law of any jurisdiction, that will not affect or impair (i) the validity, legality or enforceability under the law of that jurisdiction of any other provision in or obligation under this Note, and (ii) the validity, legality or enforceability under the law of any other jurisdiction of that or any other provision in or obligation under this Note.

This Note shall not be validly issued unless authenticated by the Fiscal Agent.

IN WITNESS whereof the Issuer has caused this Note to be duly executed on its behalf.

ARION BANK HF.

By:

* This legend can be deleted if the Notes have an initial maturity of 365 days or less.

Authenticated without recourse,
warranty or liability by

**CITIBANK, N.A., LONDON
BRANCH**

By:

[Reverse of Note]

Terms and Conditions

*[Terms and Conditions to be as set out in
Schedule 1 to the Agency Agreement]*

Final Terms

*Set out text of Final Terms
relating to the Notes*

PART 5 OF SCHEDULE 5

FORM OF COUPON

[Face of Coupon]

ARION BANK HF.

**[Specified Currency and Nominal Amount of Tranche]
Notes due [Year of Maturity]**

Part A

For Fixed Rate Notes:

This Coupon is payable to bearer, separately negotiable and subject to the Terms and Conditions of the Notes to which it appertains. Coupon for [] due on []

Part B

For Floating Rate Notes:

Coupon for the amount due in accordance with the Terms and Conditions of the Notes 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.]*

00 0000000 [ISIN] 00 0000000

* This legend can be deleted if the Notes have an initial maturity of 365 days or less.

PART 6 OF SCHEDULE 5

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.]*

ARION BANK HF.

[Specified Currency and Nominal Amount of Tranche] Notes due [Year of Maturity]

Series No. []

On and after [] further Coupons [and a further Talon] appertaining to the Note 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 Noteholders) upon production and surrender of this Talon.

This Talon may, in certain circumstances, become void under the Terms and Conditions endorsed on the Note to which this Talon appertains.

ARION BANK HF.

By:

* This legend can be deleted if TEFRA C or TEFRA not applicable is specified in the applicable Final Terms.

[Reverse of Coupon and Talon]

FISCAL AGENT

Citibank, N.A. London Branch

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

OTHER PAYING AGENTS

Citibank, N.A. London Branch

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

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 Noteholders.

PART 7 OF SCHEDULE 5

FORM OF DEFINITIVE REGISTERED NOTE

ARION BANK HF.

[*Specified Currency and Nominal Amount of Tranche*] Notes [Due [Year of Maturity]]

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 NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART.

Arion Bank HF. (the **Issuer**) hereby certifies that [] is/are, at the date of this Note, entered in the Register as the holder(s) of the aggregate nominal amount of [] of a duly authorised issue of Notes (the **Notes**) described, and having the provisions specified, in Part A of the attached Final Terms (the **Final Terms**). References in this Note to the Conditions shall be to the Terms and Conditions [endorsed on this Note/attached to this Note/set out in Schedule 1 to the Agency Agreement (as defined below)] as [completed]* [modified and supplemented]** by information set out in the [Final Terms]* [Pricing Supplement]** but, in the event of any conflict between the provisions of the Conditions and the information in the [Final Terms]* [Pricing Supplement]**, the [Final Terms]* [Pricing Supplement]** 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 Note.

This Note is issued subject to, and with the benefit of, the Conditions and an agency agreement dated 16 October 2023 (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) and made between the Issuer, Citibank, N.A. London Branch (the **Registrar**) and the other agents named in it.

Subject to and in accordance with the Conditions, the registered holder(s) of this Note is/are entitled to receive on the Maturity Date and/or on such earlier date(s) as this Note may become due and repayable in accordance with the Conditions, the amount payable under the Conditions in respect of the Notes represented by this Note on each such due date and interest (if any) on this Note calculated and payable as provided in the Conditions together with any other sums payable under the Conditions, all in accordance with the Conditions.

If any provision in or obligation under this Note is or becomes invalid, illegal or unenforceable in any respect under the law of any jurisdiction, that will not affect or impair (i) the validity, legality or enforceability under the law of that jurisdiction of any other provision in or obligation under this Note, and (ii) the validity, legality or enforceability under the law of any other jurisdiction of that or any other provision in or obligation under this Note.

This Note is not a document of title. Entitlements are determined by entry in the Register and only the duly registered holder from time to time is entitled to payment in respect of this Note.

This Note shall not be valid unless authenticated by the Registrar.

IN WITNESS whereof the Issuer has caused this Note to be duly executed on its behalf.

ARION BANK HF.

By:

Authenticated without recourse,
warranty or liability by

**CITIBANK, N.A. LONDON
BRANCH**

By:

Effectuated without recourse,
warranty or liability by

.....
as common safekeeper

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 Note and all rights hereunder, hereby irrevocably constituting and appointing Citibank, N.A. London Branch as attorney to transfer such principal amount of this Note 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 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 Note in every particular, without alteration or enlargement or any change whatever.

SCHEDULE 6

REGISTER AND TRANSFER OF REGISTERED NOTES

1. The Registrar shall at all times maintain in a place agreed by the Issuer the Register showing the amount of the Registered Notes from time to time outstanding and the dates of issue and all subsequent transfers and changes of ownership of the Registered Notes and the names and addresses of the holders of the Registered Notes. The holders of the Registered Notes or any of them and any person authorised by any of them may at all reasonable times during office hours inspect the Register and take copies of or extracts from it. The 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 Note shall have an identifying serial number which shall be entered on the Register.
3. The Registered Notes 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 Notes 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 Notes 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 Notes (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 Notes.
6. Any person becoming entitled to Registered Notes in consequence of the death or bankruptcy of the holder of such Registered Notes 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 as the holder of such Registered Notes or, subject to the preceding paragraphs as to transfer, may transfer such Registered Notes. The Issuer shall be at liberty to retain any amount payable upon the Registered Notes to which any person is so entitled until such person shall be registered or shall duly transfer the Registered Notes.
7. Unless otherwise requested by them, the holder of Registered Notes of any Series shall be entitled to receive only one Registered Note in respect of their entire holding of the Series.
8. The joint holders of Registered Notes of any Series shall be entitled to one Registered Note 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 Register in respect of such joint holding.
9. Where a holder of Registered Notes has transferred part only of their holding of Notes represented by a single Registered Note there shall be delivered to them without charge a Registered Note in respect of the balance of their holding.
10. The Issuer shall make no charge to the Noteholders for the registration of any holding of Registered Notes or any transfer of it or for the issue or delivery of Registered Notes 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 Note 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 Note 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 Note notwithstanding any notice any person may have of the right, title, interest or claim of any other person to the Registered Note. The Issuer shall not be bound to see to the execution of any trust to which any Registered Note may be subject and no notice of any trust shall be entered on the Register. The holder of a Registered Note will be recognised by the Issuer as entitled to their Registered Note free from any equity, set-off or counterclaim on the part of the Issuer against the original or any intermediate holder of such Registered Note.
12. A Registered Note may not be exchanged for a Bearer Note or *vice versa*.

SCHEDULE 7

ADDITIONAL DUTIES OF THE FISCAL AGENT AND THE REGISTRAR

In relation to each Series of Notes that are NGNs and each series of Notes that are held under the NSS, each of the Fiscal Agent and the Registrar will comply with the following provisions:

1. 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 Notes (the **CSP**), of the initial issue outstanding amount (**IOA**) for each Tranche on or prior to the relevant Issue Date.
2. 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 Notes, 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 Notes (in the case of NGNs) or the records of the ICSDs reflecting the IOA (in the case of Notes held under the NSS) remains at all times accurate.
3. 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 for the Notes and will promptly inform the ICSDs (through the CSP) of any discrepancies.
4. The Fiscal Agent and the Registrar will promptly assist the ICSDs (through the CSP) in resolving any discrepancy identified in the IOA of the Notes (in the case of NGNs) or in the records of the ICSDs reflecting the IOA (in the case of the Notes held under the NSS).
5. The Fiscal Agent and the Registrar will promptly provide to the ICSDs (through the CSP) details of all amounts paid by it under the Notes (or, where the Notes provide for delivery of assets other than cash, of the assets so delivered).
6. 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 Notes that will affect the amount of, or date for, any payment due under the Notes.
7. 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 Notes.
8. 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 Notes.
9. 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 Notes when due.
10. In the case of the delivery to the ICSDs of any documentation signed electronically or received by the ICSDs in electronic form only (including the global note or certificate representing the securities), each of the Fiscal Agent and the Registrar will retain any supporting or other documentation or evidence in relation to the signing of such documentation (including any authentication details used to verify the identity of the person signing and any other electronic record or confirmation of the signing process) and will promptly provide such documentation or evidence to the ICSDs upon request.

SIGNATORIES

This Agreement has been entered into on the date stated at the beginning of this Agreement.

The Issuer

ARION BANK HF.

By: **ÓLAFUR HRAFN HÖSKULDSSON** By: **EIRÍKUR DÓR JÓNSSON**

The Fiscal Agent, The Transfer Agent, The Paying Agent and The Registrar

CITIBANK, N.A., LONDON BRANCH

By: RACHEL CLEAR, VICE PRESIDENT