

**EXECUTION VERSION**

**AMENDED AND RESTATED PROGRAMME AGREEMENT**

**14 DECEMBER 2023**

**ARION BANK HF.**

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

**ALLEN & OVERY**

**Allen & Overy LLP**

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## PROGRAMME AGREEMENT

in respect of a

€3,000,000,000

### EUROPEAN COVERED BOND (PREMIUM) PROGRAMME

**THIS AMENDED AND RESTATED PROGRAMME AGREEMENT** was originally dated 10 February 2012, amended and restated on 5 December 2014, 5 January 2018, 8 January 2019, 9 January 2020, 16 July 2021, 12 October 2022 and is made on 14 December 2023

#### BETWEEN:

- (1) **ARION BANK HF.** (the **Issuer**);
- (2) **BARCLAYS BANK IRELAND PLC** (the **Arranger**); and
- (3) **ARION BANK HF., BARCLAYS BANK IRELAND PLC, DEUTSCHE BANK AKTIENGESELLSCHAFT and UBS EUROPE SE** (the **Initial Dealers**).

#### IT IS AGREED:

### 1. DEFINITIONS AND INTERPRETATION

#### 1.1 In this Agreement:

**Affiliate** (unless otherwise stated) has the meaning ascribed to such term by Rule 405 under the Securities Act;

**Agency Agreement** means the agency agreement dated 10 February 2012, as amended and restated on 5 December 2014, 23 December 2016, 8 January 2019, 9 January 2020, 16 July 2021, 12 October 2022 and 14 December 2023 between the Issuer, the Fiscal Agent, the Registrar and the other Paying Agents and Transfer Agents referred to in it under which, amongst other things, the Agent is appointed as issuing agent, principal paying agent and agent bank for the purposes of the Programme;

**Agreement Date** means, in respect of any Covered Bond, the date on which agreement is reached for the issue of such Covered Bond as contemplated in Clause 2 which, in the case of Covered Bonds issued on a syndicated basis or otherwise in relation to which a Subscription Agreement is entered into, shall be the date on which the relevant Subscription Agreement is signed by or on behalf of all the parties to it except that for the purposes of the proviso to Clause 5.2(b) only, Agreement Date means the date on which the issue of Covered Bonds is first priced;

**Agreements** means each of this Programme Agreement, the Agency Agreement, the Deed of Covenant, the Procedures Memorandum, the Issuer – ICSD Agreement, any agreement between the CSD Agent and the CSD, and any related swap agreements;

**Arranger** means Barclays Bank Ireland PLC and any other entity appointed as an arranger for the Programme or in respect of any particular issue of Covered Bonds under the Programme and references in this Agreement to the **Arranger** shall be references to the relevant Arranger;

**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;

**Base Prospectus** means the base prospectus relating to the Covered Bonds prepared in connection with the Programme and constituting a base prospectus for the purposes of Article 8 of the Prospectus Regulation as revised, supplemented or amended from time to time by the Issuer in accordance with Clause 5.2 including any documents which are from time to time incorporated in the Base Prospectus by reference except that:

- (a) in relation to each Tranche of Covered Bonds, the applicable Final Terms shall be deemed to be included in the Base Prospectus; and
- (b) for the purpose of Clause 4.2 in respect of the Agreement Date and the Issue Date, the Base Prospectus means the Base Prospectus as at the Agreement Date but without prejudice to paragraph (a) above not including any subsequent revision, supplement or amendment to it or incorporation of information in it;

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

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

**BRRD Entity** means any party to this Agreement that is subject to Bail-in Powers;

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

**Closing Bank** means the closing bank as agreed between the Issuer, the Registrar, the Fiscal Agent and the relevant Dealer or, if there is one, the Lead Manager to which the relevant Dealer or, if there is one, the Lead Manager shall pay the net purchase moneys for an issue of Registered Covered Bond;

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

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

**Confirmation Letter** means:

- (a) in respect of the appointment of a third party as a Dealer for the duration of the Programme, the confirmation letter substantially in the form set out in Part 2 of Appendix 3; and
- (b) in respect of the appointment of a third party as a Dealer for one or more particular issues of Covered Bonds under the Programme, the confirmation letter substantially in the form set out in Part 4 of Appendix 3;

**Cover Pool Report** means the cover pool report prepared by the Issuer in respect of each relevant reporting period and published on the Issuer's website from time to time;

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

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

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

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

**CSSF** means *Commission de Surveillance du Secteur Financier*;

**Dealer** means each of the Initial Dealers including Barclays Bank Ireland PLC, in its capacity as Arranger and any New Dealer and excludes any entity whose appointment has been terminated pursuant to Clause 10, and references in this Agreement to the **relevant Dealer** shall, in relation to any Covered Bond, be references to the Dealer or Dealers with whom the Issuer has agreed the initial issue and purchase of such Covered Bond;

**Dealer Accession Letter** means:

- (a) in respect of the appointment of a third party as a Dealer for the duration of the Programme, the dealer accession letter substantially in the form set out in Part 1 of Appendix 3; and
- (b) in respect of the appointment of a third party as a Dealer for one or more particular issues of Covered Bonds under the Programme, the dealer accession letter substantially in the form set out in Part 2 of Appendix 3;

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

**EEA State** means a state within the European Economic Area;

**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;

**EUWA** means the European Union (Withdrawal) Act 2018 (as amended);

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

**Exchange Act** means the United States Securities Exchange Act of 1934;

**Final Terms** means the final terms issued in relation to each Tranche of Covered Bonds (substantially in the form of Annex 3 to the Procedures Memorandum) and giving details of that Tranche and, in relation to any particular Tranche of Covered Bonds, **applicable Final Terms** means the Final Terms applicable to that Tranche;

**Fiscal Agent** means Bank of New York Mellon, London Branch as Fiscal Agent under the Agency Agreement and any successor fiscal agent appointed in accordance with the Agency Agreement;

**ICSDs** means Euroclear Bank SA/NV and Clearstream Banking SA;

**IFRS** means International Financial Reporting Standards (formerly International Accounting Standards) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (as amended, supplemented or re-issued from time to time);

**Initial Documentation List** means the lists of documents set out in Appendix A;

**Issuer – ICSD Agreement** means the agreement between the Issuer, Euroclear and Clearstream, Luxembourg dated 28 June 2021;

**Lead Manager** means, in relation to any Tranche of Covered Bonds, the person named as the Lead Manager in the applicable Subscription Agreement;

**Listing Agent** means, in relation to any Covered Bonds which are, or are to be, listed on a Stock Exchange, the listing agent appointed by the Issuer from time to time for the purposes of liaising with that Stock Exchange;

**MiFID Product Governance Rules** has the meaning given in Clause 13.3;

**Money Laundering Laws** has the meaning given in Clause 4.1(z);

**Moody's** means Moody's Deutschland GmbH;

**New Dealer** means any entity appointed as an additional Dealer in accordance with Clause 11;

**NGCB** means a Temporary Global Covered Bond in the form set out in Part 1 of Schedule 6 of the Agency Agreement or a Permanent Global Covered Bond in the form set out in Part 2 of Schedule 6 of the Agency Agreement, in either case where the applicable Final Terms specify the Covered Bonds as being in NGCB form;

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

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

**Programme Effectuation Authorisation** means the document signed by the Issuer authorising and instructing the common safekeeper to perform certain functions in respect of the Global Covered Bonds as described thereunder;

**Prospectus Regulation** means Regulation (EU) 2017/1129;

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

**Registrar** means The Bank of New York Mellon SA/NV Luxembourg Branch (formerly The Bank of New York Mellon Luxembourg S.A.) as Registrar under the Agency Agreement, which expression shall include any successor or additional registrar appointed in accordance with the Agency Agreement;

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

**Regulation S Covered Bonds** means Covered Bonds which are sold initially outside the United States or to non-U.S. persons in reliance on Regulation S;

**Relevant Party** means each Dealer, its affiliates and each person who controls that Dealer (within the meaning of section 15 of the Securities Act or section 20 of the Exchange Act) and each of their directors, officers, employees and agents;

**Relevant Resolution Authority** means, in respect of any BRRD Entity, the resolution authority with the ability to exercise any Bail-in Powers in relation to such BRRD Entity;

**Sanctions** means any sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. State Department, any other agency of the U.S. government, the United Nations, the European Union or the United Kingdom;

**Securities Act** means the United States Securities Act of 1933;

**Statutory Test** means the statutory requirements of the Icelandic Covered Bond Act applicable to the issuance of Covered Bonds under the Programme;

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

**Subscription Agreement** means an agreement supplemental to this Agreement (by whatever name called) in or substantially in the form set out in Appendix 5 or in such other form as may be agreed between the Issuer and the Lead Manager or one or more Dealers (as the case may be);

**Subsidiary** means any entity whose affairs are required by law or in accordance with generally accepted accounting principles applicable in Iceland to be consolidated in the Issuer's consolidated accounts;

**UK MiFIR** means Regulation (EU) No 600/2014 as it forms part of the domestic law of the United Kingdom by virtue of the EUWA; and

**UK Prospectus Regulation** means Regulation (EU) 2017/1129 as it forms part of the domestic law of the United Kingdom by virtue of the EUWA.

- 1.2 (a) In this Agreement, unless the contrary intention appears, a reference to:
- (i) an **amendment** includes a supplement, restatement or novation and **amended** is to be construed accordingly;
  - (ii) a **person** includes any individual, company, unincorporated association, government, state agency, international organisation or other entity;
  - (iii) a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted;
  - (iv) a clause or schedule is a reference to a clause of, or a schedule to, this Agreement;
  - (v) a person includes its successors and assigns;

- (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 defined in the Agency Agreement, the Conditions and/or the applicable Final Terms and not otherwise defined in this Agreement shall have the same meanings in this Agreement, except where the context otherwise requires;
- (d) all references in this Agreement to Euroclear and/or Clearstream, Luxembourg and/or CSD shall, wherever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer the Fiscal Agent and, as applicable, the Registrar;
- (e) all references in this Agreement to "consolidated" in relation to the Issuer shall if it prepares both consolidated accounts and non-consolidated accounts in accordance with IFRS, be construed as references to "consolidated and non-consolidated",
- (f) as used herein, in relation to any Covered Bonds which are to have a "listing" or to be "listed" (i) on the Luxembourg Stock Exchange, **listing** and **listed** shall be construed to mean that such Covered Bonds have been admitted to trading on the Luxembourg Stock Exchange's regulated market and have been listed on the Official List of the Luxembourg Stock Exchange and (ii) on any other Stock Exchange in a jurisdiction within the European Economic Area, **listing** and **listed** shall be construed to mean that the Covered Bonds have been admitted to trading on a market within that jurisdiction which is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU); and
- (g) references in this Agreement to a Directive include any relevant implementing measure of each EEA State which has implemented such Directive.

## 2. AGREEMENTS TO ISSUE AND PURCHASE COVERED BONDS

- 2.1 Subject to the terms and conditions of this Agreement, the Issuer may from time to time agree with any Dealer to issue, and any Dealer may agree to purchase, Covered Bonds.
- 2.2 Unless otherwise agreed between the parties, on each occasion on which the Issuer and any Dealer agree on the terms of the issue by the Issuer and purchase by the Dealer of one or more Covered Bonds:
  - (a) the Issuer shall cause the Covered Bonds, which in the case of Bearer Covered Bonds, shall be initially represented by a Temporary Global Covered Bond or a Permanent Global Covered Bond, and in the case of Registered Covered Bonds, shall be initially represented by Regulation S Global Covered Bonds as indicated in the applicable Final Terms, to be issued and delivered on the agreed Issue Date:
    - (i) in the case of a Temporary Global Covered Bond or a Permanent Global Covered Bond, to (A) if the Covered Bonds are CGCBs, a common depository or (B) if the Covered Bonds are NGCBs, a common safekeeper in each case for Euroclear and Clearstream, Luxembourg; and
    - (ii) in the case of a Regulation S Global Covered Bond to a common depository or, if Covered Bonds are held under the NSS, common safekeeper in each case for Euroclear and Clearstream, Luxembourg;



and, in the case of any issue of CSD Covered Bonds, the Issuer shall cause such CSD Covered Bonds to be issued and registered in the CSD as of the agreed Issue Date;

- (b) in the case of (i) and (ii) above, the securities account of the relevant Lead Manager (in the case of Covered Bonds issued on a syndicated basis) or the Fiscal Agent (in the case of Covered Bonds issued on a non-syndicated basis) with Euroclear and/or Clearstream, Luxembourg (as specified by the relevant Lead Manager) or, in the case of an issue of CSD Covered Bonds, the account of the relevant Dealer(s) with the CSD will be credited with such CSD Covered Bonds will be credited with the Covered Bonds on the agreed Issue Date, as described in the Procedures Memorandum; and
- (c) the relevant Dealer or, as the case may be, the Lead Manager shall, subject to the Covered Bonds being so credited, cause the net purchase moneys for the Covered Bonds to be paid in the relevant currency by transfer of funds to the designated account of the Issuer:
  - (i) in the case of Bearer Covered Bonds, the Fiscal Agent or (in the case of syndicated issues) the designated account of the Issuer; or
  - (ii) in the case of Registered Covered Bonds, the Closing Bank; or
  - (iii) in the case of CSD Covered Bonds, the Issuer,

so that the payment is credited to the account for value on the relevant Issue Date, as described in the Procedures Memorandum.

- 2.3 Unless otherwise agreed between the Issuer and the relevant Dealer, where more than one Dealer has agreed with the Issuer to purchase a particular Tranche of Covered Bonds under this Clause, the obligations of those Dealers shall be joint and several.
- 2.4 Where the Issuer agrees with two or more Dealers to issue, and those Dealers agree to purchase, Covered Bonds on a syndicated basis, the Issuer shall enter into a Subscription Agreement with those Dealers. The Issuer may also enter into a Subscription Agreement with one Dealer only. For the avoidance of doubt, the Agreement Date in respect of any such issue shall be the date on which the Subscription Agreement is signed by or on behalf of all the parties to it.
- 2.5 The procedures which the parties intend should apply for the purposes of issues of Covered Bonds (other than CSD Covered Bonds) to be subscribed on a non-syndicated basis are set out in Annex 1, Part 1 (in the case of Bearer Covered Bonds) and Part 2 (in the case of Registered Covered Bonds) of the Procedures Memorandum. The procedures which the parties intend should apply for the purposes of issues of Covered Bonds (other than CSD Covered Bonds) to be subscribed on a syndicated basis are set out in Annex 1, Part 3 (in the case of Bearer Covered Bonds) and Part 4 (in the case of Registered Covered Bonds) of the Procedures Memorandum. These procedures may be varied in respect of any issue by agreement between the parties to that issue.
- 2.6 The Issuer acknowledges that any issue of Covered Bonds in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply may only be issued in circumstances which comply with those laws, guidelines, regulations, restrictions or reporting requirements from time to time.
- 2.7 Each Dealer acknowledges that the Issuer may sell Covered Bonds issued under the Programme to any institution which has not become a Dealer pursuant to Clause 11. The Issuer undertakes to each of the Dealers that it will, in relation to any such sales, comply with the restrictions and agreements set out in Appendix 2 as if it were a Dealer.

### **3. CONDITIONS OF ISSUE; UPDATING OF LEGAL OPINIONS**

#### **3.1 First issue**

Before the Issuer reaches its first agreement with any Dealer for the issue and purchase of Covered Bonds under this Agreement, each Dealer shall have received, and found satisfactory (in its reasonable opinion), all of the documents and confirmations described in Part 1 of the Initial Documentation List. Any Dealer must notify the Arranger and the Issuer within seven London business days of receipt of the documents and confirmations described in Part 1 of the Initial Documentation List if in its reasonable opinion it considers any document or confirmation to be unsatisfactory and, in the absence of notification, each Dealer shall be deemed to consider the documents and confirmations to be satisfactory.

#### **3.2 Each issue**

The obligations of a Dealer under any agreement for the issue and purchase of Covered Bonds made under Clause 2 are conditional on:

- (a) there having been, as at the proposed Issue Date, no material adverse change or any development involving a prospective material adverse change from that set forth in the Base Prospectus as at the relevant Agreement Date in the consolidated or non-consolidated condition (financial or otherwise), results of operations, prospects or business affairs of the Issuer nor the occurrence of any event making untrue or incorrect any of the representations and warranties contained in Clause 4;
- (b) there being no outstanding breach of any of the obligations of the Issuer under this Agreement, the Agency Agreement, the Deed of Covenant or any Covered Bonds which has not been expressly waived by the relevant Dealer on or prior to the proposed Issue Date;
- (c) subject to Clause 12, the aggregate nominal amount (or, in the case of Covered Bonds denominated in a currency other than euro, the euro equivalent (determined as provided in Clause 3.2(e)) of the aggregate nominal amount) of the Covered Bonds to be issued, when added to the aggregate nominal amount (or, in the case of Covered Bonds denominated in a currency other than euro, the euro equivalent (as so determined) of the aggregate nominal amount) of all Covered Bonds outstanding (as defined in the Agency Agreement) on the proposed Issue Date (excluding for this purpose Covered Bonds due to be redeemed on the Issue Date) not exceeding €3,000,000,000;
- (d) in the case of Covered Bonds which are intended to be listed, the relevant authority or authorities having agreed to list the Covered Bonds, subject only to the issue of the relevant Covered Bonds;
- (e) no meeting of the holders of Covered Bonds (or any of them) having been duly convened but not yet held or, if held but adjourned, the adjourned meeting having not been held and the Issuer not being aware of any circumstances which are likely to lead to the convening of such a meeting;
- (f) there having been, between the Agreement Date and the Issue Date for the Covered Bonds, in the opinion of the relevant Dealer, no such change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would, in the opinion of the relevant Dealer, be likely to either (i) prejudice materially the sale by the Dealer of the Covered Bonds proposed to be issued or, where relevant, dealings in the Covered Bonds in the secondary market, or (ii) materially change the circumstances prevailing at the Agreement Date;

- (g) there being in full force and effect all governmental or regulatory resolutions, approvals or consents required for the Issuer to issue the Covered Bonds on the proposed Issue Date and for the Issuer to fulfil its obligations under the Covered Bonds and the Issuer having delivered to the relevant Dealer certified copies of those resolutions, approvals or consents and, where applicable, certified English translations of them;
- (h) there having been, between the Agreement Date and the Issue Date, no downgrading in the rating of any of the Issuer's debt by Moody's or the placing on "Creditwatch" with negative implications or similar publication of formal review by the relevant rating agency;
- (i) the forms of the Final Terms, the applicable Global Covered Bonds, Covered Bonds in definitive form and the Receipts, Coupons or Talons (each as applicable) in relation to the relevant Tranche and the relevant settlement procedures having been agreed by the Issuer, the relevant Dealer and the Fiscal Agent and, if applicable, the Registrar;
- (j) the relevant currency being accepted for settlement by Euroclear and Clearstream, Luxembourg or, in the case of an issue of CSD Covered Bonds, the CSD;
- (k) the delivery to the common depository or the common safekeeper, as the case may be, of the Temporary Global Covered Bond and/or the Permanent Global Covered Bond representing the relevant Covered Bonds, in each case as provided in the Agency Agreement, in the case of an issue of CSD Covered Bonds, the CSD confirming that the CSD Covered Bonds will be registered in the CSD on the Issue Date;
- (l) any calculations or determinations which are required by the relevant Conditions to have been made prior to the Issue Date having been duly made;
- (m) in the case of Covered Bonds which are intended to be listed on a European Economic Area Stock Exchange or offered to the public within an European Economic Area State in circumstances which require the publication of a prospectus under the Prospectus Regulation the Base Prospectus having been approved as a base prospectus by the competent authority of the relevant EEA State or approved by the competent authority of another EEA State and the competent authority of the relevant EEA State having been notified in accordance with the procedures set out in Articles 24 and 25 of the Prospectus Regulation and all requirements under those Articles having been satisfied;
- (n) the Issuer shall deliver to the Dealers a copy of the most recent Cover Pool Report;
- (o) in the case of Covered Bonds which are intended to be listed on the Luxembourg Stock Exchange or offered to the public in Luxembourg in circumstances which require the publication of a prospectus under the Prospectus Regulation:
  - (i) the denomination of the Covered Bonds being €100,000 (or its equivalent in any other currency) or more;
  - (ii) either (A) there being no significant new factor, material mistake or material inaccuracy relating to the information included in the Base Prospectus which may affect the assessment of the Covered Bonds which are intended to be listed or (B) if there is such a significant new factor, material mistake or material inaccuracy, a supplement to the Base Prospectus having been published in accordance with the Prospectus Regulation pursuant to Clause 5.2; and

- (iii) the Base Prospectus having been approved as a base prospectus by the CSSF and the applicable Final Terms having been published in accordance with the Prospectus Regulation;
- (p) in the case of Covered Bonds which are intended to be listed on (i) a European Economic Area Stock Exchange (other than the Luxembourg Stock Exchange) or offered to the public in a European Economic Area Contracting Party (other than Luxembourg) in circumstances which require the publication of a prospectus under the Prospectus Regulation, the competent authority of each relevant European Economic Area Contracting Party having been notified in accordance with the procedures set out in Articles 24 and 25 of the Prospectus Regulation and all requirements under those Articles having been satisfied, or (ii) the London Stock Exchange or offered to the public in the United Kingdom in circumstances which require the publication of a prospectus under FSMA, the Base Prospectus having been approved as a base prospectus by the FCA.

In the event that any of the above conditions is not satisfied, the relevant Dealer shall be entitled (but not bound) by notice to the Issuer to be released and discharged from its obligations under the agreement reached under Clause 2.

### **3.3 Waiver**

Subject to the discretion of the Lead Manager as provided in a Subscription Agreement, any Dealer, on behalf of itself only, may by notice in writing to the Issuer waive any of the conditions precedent contained in Clause 3.2 (save for the conditions precedent contained in Clauses 3.2(c), (m) and (p)) in so far as they relate to an issue of Covered Bonds to that Dealer.

### **3.4 Updating of legal opinions**

On each occasion when the Base Prospectus is updated or amended pursuant to Clause 5.2(a), the Issuer will procure that further legal opinions, in such form and with such content as the Dealers may reasonably require, are delivered, at the expense of the Issuer, to the Dealers from legal advisers (approved by the Dealers) in Iceland and England and/or any other jurisdictions as the Dealers may require, as the case may be.

In addition, on such other occasions as a Dealer so requests the Issuer (on the basis of reasonable grounds which shall include, without limitation, the publication of a supplement to the Base Prospectus in accordance with the Prospectus Regulation save where that supplement is published solely in the circumstances described in Clause 5.2(c) below), the Issuer will procure that a further legal opinion or further legal opinions, as the case may be, in such form and with such content as the Dealers may reasonably require, is or are delivered, at the expense of the Issuer to the Dealers from legal advisers (approved by the Dealers) in such jurisdictions (including Iceland and/or England) as the Dealers may reasonably require. If at or prior to the time of any agreement to issue and purchase Covered Bonds under Clause 2 such a request is made with respect to the Covered Bonds to be issued, the receipt of the relevant opinion or opinions by the relevant Dealer in a form satisfactory to the relevant Dealer shall be a further condition precedent to the issue of those Covered Bonds to that Dealer.

### **3.5 Determination of amounts outstanding**

For the purposes of Clause 3.2(c):

- (a) the euro equivalent of Covered Bonds denominated in another Specified Currency shall be determined, at the discretion of the Issuer, either as of the Agreement Date for those Covered Bonds or on the preceding day on which commercial banks and foreign exchange markets

are open for general business in London, in each case on the basis of the spot rate for the sale of the euro against the purchase of that Specified Currency in the London foreign exchange market quoted by any leading international bank selected by the Issuer on the relevant day of calculation;

- (b) the euro equivalent of Inflation Linked Covered Bonds and Inflation Linked Non-Amortising Covered Bonds shall be calculated in the manner specified above by reference to the original nominal amount on issue of those Covered Bonds; and
- (c) the euro equivalent of Zero Coupon Covered Bonds and other Covered Bonds issued at a discount or a premium shall be calculated in the manner set out above by reference to the net proceeds received by the Issuer for the relevant issue.

#### 4. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

4.1 As at the date of this Agreement, the Issuer represents, warrants and undertakes to the Dealers and each of them as follows:

- (a) that:
  - (i) the most recently published audited consolidated financial statements of the Issuer (the **audited accounts**); and
  - (ii) the most recently published unaudited interim consolidated and non-consolidated financial statements of the Issuer.

were in each case prepared in accordance with the requirements of the Prospectus Regulation and that, in each case, they give a true and fair view of the consolidated financial condition of the Issuer as at the date to which they were prepared (the **relevant date**) and the consolidated results of operations of the Issuer for the financial period ended on the relevant date and that there has been no material adverse change or any development involving a prospective material adverse change in the consolidated condition (financial or otherwise), results of operations, prospects or business affairs of the Issuer since the date of the last audited accounts, except as disclosed in the Base Prospectus;

- (b) that (i) the Base Prospectus contains all material information with respect to the Issuer and the Covered Bonds, to be issued under this Agreement, (ii) the Base Prospectus does not contain an untrue statement of a material fact or omit to state a material fact that is necessary in order to make the statements made in the Base Prospectus, in the light of the circumstances under which they were made, not misleading and there is no other fact or matter omitted from the Base Prospectus which was or is necessary information which is material to an investor for making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer, the rights attaching to the Covered Bonds to be issued under this Agreement and the reasons for the issuance and its impact on the Issuer (iii) the statements of intention, opinion, belief or expectation contained in the Base Prospectus are honestly and reasonably made or held and (iv) all reasonable enquiries have been made by or on behalf of the Issuer to ascertain such facts and to verify the accuracy of all such statements;
- (c) that the Base Prospectus contains all the information (if any) required by Article 6 of the Prospectus Regulation and also contains all the information required by Icelandic law and regulations and otherwise complies with such law and regulations to the extent applicable to the Programme and has been published as required by the Prospectus Regulation;

- (d) that the Issuer and each of its consolidated Subsidiaries has been duly incorporated and is validly existing in good standing under the laws of its jurisdiction of incorporation with full power and authority to own, lease and operate its properties and conduct its business as described in the Base Prospectus and, in the case of the Issuer, to execute and perform its obligations under the Agreements to which it is a party;
- (e) that the Issuer (i) has, or has made an application to, obtain all licences, permits, authorisations, consents and approvals, certificates, registrations and orders (Licences) and has made all necessary declarations and filings with all government agencies that are necessary to own or lease its properties and conduct its businesses as described in the Base Prospectus and (ii) is conducting its business and operations in compliance with all applicable laws, regulations and guidelines;
- (f) that the issue of Covered Bonds and the execution and delivery of the Agreements by the Issuer have been duly authorised by the Issuer and, in the case of Covered Bonds, upon due execution, issue and delivery in accordance with the Agency Agreement, will constitute, and, in the case of the Agreements constitute, legal, valid and binding obligations of the Issuer enforceable in accordance with their respective terms subject to the laws of bankruptcy and other laws affecting the rights of creditors generally;
- (g) that the execution and delivery of the Agreements, the issue, offering and distribution of Covered Bonds and the performance of the terms of any Covered Bonds and the Agreements will not infringe any law, regulation, order, rule, decree or statute applicable to the Issuer or to which its property may be subject and are not contrary to the provisions of the constitutional documents of the Issuer and will not result in any breach of the terms of, or constitute a default under, any instrument, agreement or order to which the Issuer is a party or by which the Issuer or its property is bound;
- (h) that the Issuer (i) is not in breach of the terms of, or in default under, any instrument, agreement or order to which it is a party or by which it or its property is bound and no event has occurred which with the giving of notice or lapse of time or other condition would constitute a default under any such instrument, agreement or order; (ii) is not engaged (whether as defendant or otherwise) in, nor has the Issuer knowledge of the existence of, or any threat of, any legal, arbitration, administrative, governmental or other proceedings the result of which might relate to claims or amounts which might be material in the context of the Programme and/or the issue and offering of Covered Bonds under the Programme or which might have or have had a material adverse effect on the consolidated financial condition, results of operations, profitability or business of the Issuer and (ii) has not taken any action nor, to the best of its knowledge or belief having made all reasonable enquiries, have any steps been taken or legal proceedings commenced for the winding up or dissolution of the Issuer;
- (i) that (i) all required consents, approvals, authorisations, orders, filings, registrations or qualifications of or with any court or governmental authority have been given, fulfilled or done and (ii) no other action or thing (including, without limitation, the payment of any stamp or other similar tax or duty) is required to be taken, fulfilled or done by the Issuer for or in connection with (A) the execution, issue and offering of Covered Bonds under the Programme and compliance by the Issuer with the terms of any Covered Bonds issued under the Programme or (B) the execution and delivery of, and compliance with the terms of, the Agreements;
- (j) that all corporate approvals and authorisations required by the Issuer for or in connection with (i) the execution, issue and offering of Covered Bonds under the Programme and

compliance by the Issuer with the terms of any Covered Bonds issued under the Programme and (ii) the execution and delivery of, and compliance with the terms of, the Agreements have been obtained and are in full force and effect;

- (k) that each of the Issuer and its consolidated Subsidiaries maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorisations; (ii) transactions are recorded as necessary to (A) permit preparation of financial statements in conformity with accounting rules and standards generally applicable in its jurisdiction of incorporation and/or with IFRS and (B) maintain accountability for assets; (iii) access to assets is permitted only in accordance with management's general or specific authorisation; and (iv) each of the Issuer and its consolidated Subsidiaries (if any) has made and kept books, records and accounts which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets of such entity and provide a sufficient basis for the preparation of the Issuer's consolidated financial statements in accordance with IFRS and neither the Issuer nor any of its Subsidiaries has experienced any material difficulties with regard to (i) to (iv) above;
- (l) all returns, reports or filings which ought to have been made by or in respect of the Issuer for taxation purposes have been made and to the best of the Issuer's knowledge all such returns are up to date, correct and on a proper basis and are not the subject of any material dispute with the relevant revenue or other appropriate authorities and the Issuer is not aware of any present circumstances likely to give rise to any such material dispute. The Issuer reasonably believes that the provisions for income tax included in its financial statements have been calculated on a proper basis in respect of all accounting periods ended on or before the accounting reference date to which the financial statements relate for which the Issuer was then or might at any time thereafter become or have become liable. To date, the Issuer is not aware of any tax deficiency which has arisen or has been asserted against the Issuer that would be considered material in the context of the issue of the Covered Bonds;
- (m) that it is not necessary under the laws of Iceland that any Covered Bondholder, Dealer or Agent should be licensed, qualified or otherwise entitled to carry on business in Iceland (i) to enable any of them to enforce their respective rights under the Covered Bonds or the Agreements or (ii) solely by reason of the execution, delivery or performance of the Agreements or the Covered Bonds;
- (n) that the Covered Bonds will, upon issue, be direct and unsubordinated obligations of the Issuer and rank *pari passu* among themselves and with all other outstanding obligations of the Issuer as described in the Base Prospectus;
- (o) that the Covered Bonds will, upon issue, be direct and unsubordinated obligations of the Issuer and rank *pari passu* among themselves and with all other outstanding obligations of the Issuer that have been provided with priority of claim equivalent to that of Covered Bonds issued by the Issuer in accordance with the Icelandic Covered Bond Act or have been converted into Covered Bonds;
- (p) that in relation to each Tranche of Covered Bonds for which any Dealer is named as a Stabilisation Manager in the applicable Final Terms, it has not issued and will not issue, without the prior consent of any such Dealer, any press or other public announcement referring to the proposed issue of Covered Bonds unless the announcement adequately discloses that stabilisation action may take place in relation to the Covered Bonds to be issued and the Issuer authorises such Dealer to make all appropriate disclosure in relation to stabilisation instead of the Issuer;

- (q) that none of the Issuer, its affiliates, nor any persons acting on any of their behalf, has taken or will take, directly or indirectly, any action designed to cause or to result in, or that has constituted or which might reasonably be expected to cause or result in, the stabilisation in violation of applicable laws or manipulation of the price of any debt security of the Issuer to facilitate the sale or resale of any Covered Bonds;
- (r) that the Issuer is a foreign issuer (as defined in Rule 902(e) under the Securities Act) and none of the Issuer, its affiliates, nor any persons acting on any of their behalf, (other than the Dealers, as to which the Issuer makes no representations) has engaged or will engage in any directed selling efforts (as defined in Rule 902(c) under the Securities Act) with respect to the Covered Bonds and each of the foregoing persons has complied and will comply with the offering restrictions requirement of Regulation S under the Securities Act;
- (s) that the Covered Bonds have not been and will not be registered under the Securities Act and have not been registered or qualified under any state securities or "Blue Sky" laws of the states of the United States and, accordingly, the Issuer acknowledges that the 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 Regulation S or pursuant to an exemption from the registration requirements of the Securities Act (terms used in this paragraph have the meaning given to them by Regulation S);
- (t) that none of the Issuer, its affiliates, nor any persons (other than the Dealers) acting on any of their behalf, has engaged or will engage in any directed selling efforts (as defined in Regulation S under the Securities Act) with respect to the Covered Bonds;
- (u) that none of the Issuer, its affiliates, nor any persons acting on any of their behalf has made or will make offers or sales of any securities under circumstances that would require the registration of any of the Covered Bonds under the Securities Act;
- (v) that the Issuer, its affiliates, and each person acting on any of their behalf have complied and will comply with the offering restrictions requirement of Regulation S under the Securities Act;
- (w) that neither the Issuer nor its affiliates will, except to the extent permitted under U.S. Treas. Reg. Section 1.163-5(c)(2)(i)(D), permit offers or sales of Covered Bonds to be made in the United States or its possessions or to United States persons, provided however, that the Issuer makes no such representation or warranty in respect of any activity undertaken by the Dealers or their affiliates in respect of the Covered Bonds. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and the Treasury regulations promulgated thereunder;
- (x) that neither the Issuer nor any of its Subsidiaries nor, to the knowledge of the Issuer, any director, officer, agent, employee or affiliate of the Issuer or any of its Subsidiaries are currently the subject of any Sanctions or conducting business with any person, entity or country which is the subject of any Sanctions;
- (y) that to the best of the Issuer's knowledge and belief, no actions or investigations by any governmental or regulatory agency are ongoing or threatened against the Issuer or its Subsidiaries, or any of their directors, officers, employees, subcontractors or any person acting on their behalf in relation to a breach of applicable anti-bribery or anti-corruption provisions in any relevant jurisdiction;
- (z) the operations of the Issuer and its Subsidiaries are and have been conducted at all times in compliance with applicable financial record keeping and reporting requirements and money



laundrying statutes in the Iceland and of all jurisdictions in which the Issuer and its Subsidiaries conduct business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, **Money Laundering Laws**) and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Issuer or any of its Subsidiaries with respect to Money Laundering Laws is pending and, to the best of the Issuer's knowledge, no such actions, suits or proceedings are threatened or contemplated;

- (aa) the Issuer represents and warrants to the Managers that the Statutory Test and the Asset Coverage Test (as defined in the Deed of Covenant) will not be breached as a result of the issue of the Covered Bonds;
- (bb) the Issuer and its Subsidiaries have instituted and continue to maintain policies and procedures designed to detect money laundering and to promote and achieve and enforce compliance with Money Laundering Laws; and
- (cc) the Issuer will not, and will ensure that all of its Subsidiaries, and their respective officers, directors and employees, will not directly or indirectly use the transaction proceeds for any purpose that would breach Money Laundering Laws.

4.2 With regard to each issue of Covered Bonds, the Issuer shall be deemed to repeat the representations, warranties and undertakings contained in Clause 4.1 as at the Agreement Date for such Covered Bonds (any agreement on such Agreement Date being deemed to have been made on the basis of, and in reliance on, those representations, warranties and undertakings) and as at the Issue Date of such Covered Bonds.

4.3 The Issuer shall be deemed to repeat the representations, warranties and undertakings contained in Clause 4.1 on each date on which the Base Prospectus is revised, supplemented or amended and on each date on which the aggregate nominal amount of the Programme is increased in accordance with Clause 12.

4.4 The representations, warranties and undertakings contained in this Clause 4 shall continue in full force and effect notwithstanding the actual or constructive knowledge of any Dealer with respect to any of the matters referred to in the representations, warranties and undertakings set out above, any investigation by or on behalf of the Dealers or completion of the subscription and issue of any Covered Bonds.

4.5 Each Dealer and the Issuer agrees and confirms that it is not entitled to the benefit of or does not make or repeat, as appropriate, the representation and warranty contained in Clause 4.1(x) and/or the undertaking contained in Clause 5.14 to the extent that those provisions would result in a violation of Council Regulation (EC) 2271/1996 (including as it forms part of the domestic law of the United Kingdom by virtue of the EUWA) (as amended, the **Blocking Regulations**), Section 7 of the German Foreign Trade Ordinance (*§ 7 Aussenwirtschaftsverordnung*) and/or any associated and applicable national law, instrument or regulation related to the Blocking Regulations.

## 5. UNDERTAKINGS OF THE ISSUER

### 5.1 Notification of material developments

- (a) The Issuer shall promptly after becoming aware of the occurrence thereof notify each Dealer of:

- (i) any condition, event or act which would after an issue of Covered Bonds (or would with the giving of notice and/or the lapse of time) constitute breach of its representations, warranties or undertakings contained in the Agreements; and
  - (ii) any development affecting the Issuer or any of its businesses which is material in the context of the Programme or any issue of Covered Bonds.
- (b) If, following the Agreement Date and on or before the Issue Date of the relevant Covered Bonds, the Issuer becomes aware that any of the conditions specified in Clause 3.2 will not be satisfied in relation to that issue, the Issuer shall forthwith notify the relevant Dealer to this effect giving full details thereof. In such circumstances, the relevant Dealer shall be entitled (but not bound) by notice to the Issuer to be released and discharged from its obligations under the agreement reached under Clause 2.
- (c) Without prejudice to the generality of this Clause 5.1, the Issuer shall from time to time promptly furnish to each Dealer any information relating to the Issuer which the Dealer may reasonably request.

## **5.2 Updating of Base Prospectus**

- (a) On or before the first issue of Covered Bonds falling more than 12 months after the date on which the Base Prospectus was most recently published or updated and amended, as the case may be, the Issuer shall update or amend the Base Prospectus (following consultation with the Arranger who will consult with the Dealers) by the publication of a new Base Prospectus, in each case in a form approved by the Dealers.
- (b) Subject as set out in the proviso below, in the event of (i) a significant new factor, material mistake or material inaccuracy relating to the information included in the Base Prospectus which may affect the assessment of the Covered Bonds arising or being noted, (ii) a change in the condition of the Issuer which is material in the context of the Programme or the issue of any Covered Bonds or (iii) the Base Prospectus otherwise coming to contain an untrue statement of a material fact or omitting to state a material fact necessary to make the statements contained therein not misleading or if it is necessary at any time to amend the Base Prospectus to comply with, or reflect changes in, the laws or regulations of Iceland or any other relevant jurisdiction the Issuer shall update or amend the Base Prospectus (following consultation with the Arranger who will consult with the Dealers) by the publication in accordance with the Prospectus Regulation of a supplement to it or a new Base Prospectus, in each case in a form approved by the Dealers other than where a supplement has been prepared in accordance with (c) below provided that the Issuer undertakes that in the period from and including an Agreement Date to and including the related Issue Date of the new Covered Bonds, it will only prepare and publish a supplement to, or replacement of, the Base Prospectus if it is required, or has reasonable grounds to believe that it is required, to do so to comply with Article 23(1) of the Prospectus Regulation and, in such circumstances, such supplement to, or replacement of, the Base Prospectus shall, solely as between the Issuer and the relevant Dealer and solely for the purposes of Article 23(2) of the Prospectus Regulation and Clause 3.2(a), be deemed to have been prepared and published so as to comply with the requirements of Article 23(1) of the Prospectus Regulation.
- (c) On each occasion on which the Issuer publishes annual or interim consolidated financial statements, the Issuer will prepare and publish in accordance with the Prospectus Regulation a supplement to the Base Prospectus either setting out those financial statements in the Base Prospectus or incorporating them by reference in the Base Prospectus.

- (d) If the terms of the Programme are modified or amended in a manner which would make the Base Prospectus inaccurate or misleading, a new Base Prospectus will be prepared and published in accordance with the Prospectus Regulation by the Issuer in a form approved by the Dealers.
- (e) Upon any supplement or replacement Base Prospectus being prepared and published as provided above the Issuer shall promptly without cost to the Dealers supply to each Dealer such number of copies of such supplement or replacement Base Prospectus as each Dealer may reasonably request. Until a Dealer receives such supplement or replacement Base Prospectus, as the case may be, the definition of Base Prospectus in Clause 1.1 shall, in relation to such Dealer, mean the Base Prospectus prior to the publication of such supplement or replacement Base Prospectus, as the case may be.

### **5.3 Listing and public offers**

The Issuer:

- (a) in the case of Covered Bonds which are intended to be listed on the Luxembourg Stock Exchange shall cause an initial application to be made for Covered Bonds issued under the Programme to be listed on the Luxembourg Stock Exchange; and
- (b) in the case of Covered Bonds which are intended to be listed on the Luxembourg Stock Exchange or offered to the public in an EEA State in circumstances which require the publication of a prospectus under the Prospectus Regulation, confirms that the Base Prospectus has been approved as a base prospectus by the CSSF, that it and the applicable Final Terms have been published in accordance with the Prospectus Regulation and that the applicable Final Terms have been filed in accordance with the Prospectus Regulation.

If in relation to any issue of Covered Bonds, it is agreed between the Issuer and the relevant Dealer or the Lead Manager, as the case may be, to list the Covered Bonds on a Stock Exchange, the Issuer undertakes to use its best endeavours to obtain and maintain the listing of the Covered Bonds on that Stock Exchange. If any Covered Bonds cease to be listed on the relevant Stock Exchange, the Issuer shall use its best endeavours promptly to list the Covered Bonds on such other stock exchange or exchanges as may be selected by the Issuer. The Issuer will promptly notify the relevant Dealer or, as the case may be, the Lead Manager of any change in the listing or admission to trading of the Covered Bonds. For the avoidance of doubt, where the Issuer has obtained the listing of Covered Bonds on a regulated market in the European Economic Area or on the London Stock Exchange's main market, the undertaking extends to maintaining that listing or, if this is not possible, to obtaining the listing of the relevant Covered Bonds on another European Economic Area regulated market or on the London Stock Exchange's main market (as the case may be).

The Issuer shall comply with the rules of each relevant Stock Exchange (or any other relevant authority or authorities) and shall otherwise comply with any undertakings given by it from time to time to the relevant Stock Exchange (or any other relevant authority or authorities) in connection with the listing of any Covered Bonds on that Stock Exchange and, without prejudice to the generality of the foregoing, shall furnish or procure to be furnished to the relevant Stock Exchange (or any other relevant authority or authorities) all the information which the relevant Stock Exchange (or any other relevant authority or authorities) may require in connection with the listing on that Stock Exchange of any Covered Bonds.

### **5.4 The Agreements**

The Issuer undertakes that it will not:

- (a) except with the consent of the Dealers, terminate any of the Agreements or effect or permit to become effective any amendment to any such Agreement which, in the case of an amendment, would or might adversely affect the interests of any Dealer or of any holder of Covered Bonds issued before the date of the amendment; or
- (b) except with the consent of the Dealers, appoint a different Fiscal Agent or Registrar under the Agency Agreement,

and the Issuer will promptly notify each of the Dealers of any termination of, or amendment to, any of the Agreements and of any change in the Fiscal Agent, Paying Agent, Transfer Agent or Registrar under the Agency Agreement.

## **5.5 Lawful compliance**

The Issuer will at all times ensure that all necessary action is taken and all necessary conditions are fulfilled (including, without limitation, obtaining and, where relevant, maintaining in full force and effect all necessary permissions, consents or approvals of all relevant governmental authorities) so that it may lawfully comply with its obligations under all Covered Bonds and the Agreements and, further, so that it may comply with any applicable laws, regulations and guidance from time to time promulgated by any governmental and regulatory authorities relevant in the context of the Agreements and the issue of any Covered Bonds.

## **5.6 Authorised representative**

The Issuer will notify the Dealers immediately in writing if any of the persons named in the list referred to in paragraph 3 of Part 1 of the Initial Documentation List ceases to be authorised to take action on its behalf or if any additional person becomes so authorised together, in the case of an additional authorised person, with evidence satisfactory to the Dealers that such person has been so authorised.

## **5.7 Auditors' comfort letters**

The Issuer will:

- (a) at the time of the preparation of the initial Base Prospectus;
- (b) on each occasion when the Base Prospectus is updated or amended pursuant to Clause 5.2(a);
- (c) if so requested by the Arranger on behalf of the Dealers or by a relevant Dealer or Lead Manager on each occasion when the Base Prospectus is revised, supplemented, amended or updated (insofar as the revision, supplement, amendment or update concerns or contains financial information about the Issuer); and
- (d) whenever requested to do so by a Dealer (on the basis of reasonable grounds),

deliver, at the expense of the Issuer to the Dealers a comfort letter or comfort letters from independent auditors of the Issuer in such form and with such content as the Dealers may reasonably request provided that no letter or letters will be delivered under Clause 5.7(b) above if the only revision, supplement or amendment concerned is the incorporation by reference of any interim or annual financial statements of the Issuer.

If at or prior to the time of any agreement to issue and purchase Covered Bonds under Clause 2 a request is made under Clause 5.7(d) above with respect to the Covered Bonds to be issued, the

receipt of the relevant comfort letter or letters in a form satisfactory to the relevant Dealer shall be a further condition precedent to the issue of those Covered Bonds to that Dealer.

## **5.8 No other issues**

During the period commencing on an Agreement Date and ending on the Issue Date with respect to any Covered Bonds which are to be listed, the Issuer will not, without the prior consent of the relevant Dealer or, if there is one, the Lead Manager, issue or agree to issue any other listed Covered Bonds (other than CSD Covered Bonds), bonds or other debt securities of whatsoever nature (other than Covered Bonds to be issued to the same Dealer) where such Covered Bonds, bonds or other debt securities would have the same maturity and currency as the Covered Bonds to be issued on the relevant Issue Date.

## **5.9 Information on Covered Bondholders' meetings**

The Issuer will, at the same time as it is despatched, furnish the Dealers with a copy of every notice of a meeting of the holders of the Covered Bonds (or any of them) which is despatched at the instigation of the Issuer and will notify the Dealers immediately upon its becoming aware that a meeting of the holders of the Covered Bonds (or any of them) has otherwise been convened.

## **5.10 Ratings**

The Issuer undertakes promptly to notify the Dealers of any change in the ratings given by Moody's of any of the Issuer's debt or upon it becoming aware that such ratings are listed on "Creditwatch" or other similar publication of formal review by the relevant rating agency.

## **5.11 Passporting**

- (a) The Issuer confirms that it has requested the CSSF to notify the competent authority of Iceland in accordance with the procedures established by Article 24 and Article 25 of the Prospectus Regulation and, in this connection, undertakes that it shall take all necessary steps required by the competent authority of Iceland.
- (b) If, in relation to any issue of Covered Bonds, the Issuer has agreed with the relevant Dealer(s) that the home EEA State which approved the Base Prospectus will be requested to provide a certificate of approval to the competent authority of one or more host EEA State(s) under Article 24 and Article 25 of the Prospectus Regulation then the arrangements relating to such request (including, but not limited to, the preparation and cost of translating the summary contained in the Base Prospectus for the purposes of the relevant host EEA State) will be agreed between the Issuer and the relevant Dealer(s) at the relevant time.
- (c) In any such case, the Issuer undertakes that it will use all reasonable endeavours to procure the delivery of a certificate of approval by the CSSF to the competent authority in any host EEA State and the European Securities and Markets Authority in accordance with Article 24 and Article 25 of the Prospectus Regulation and shall promptly notify each Dealer following receipt by the Issuer of confirmation that such certificate of approval has been so delivered.

## **5.12 Announcements**

The Issuer undertakes that it will not, between the Agreement Date and the Issue Date of the relevant Covered Bonds (both dates inclusive), without the prior approval of the relevant Dealer or the Lead Manager on behalf of the Managers (where more than one Dealer has agreed to purchase a particular Tranche of Covered Bonds), make any announcement which could have a material adverse effect on the marketability of the Covered Bonds.

### 5.13 Registration with the Directorate of Internal Revenue

The Issuer will, if required by any Dealer, use reasonable endeavours to procure that:

- (a) the Programme and each issuance of Covered Bonds under the Programme (if applicable) are registered with the Directorate of Internal Revenue in Iceland; and
- (b) a certificate evidencing such registration in respect of each issuance of Covered Bonds (if applicable) is obtained as soon as reasonably practicable following the relevant Issue Date.

### 5.14 Sanctions

The Issuer will ensure that proceeds raised in connection with the issue of any Covered Bonds will not directly or indirectly be lent, contributed or otherwise made available to any person or entity (whether or not related to the Issuer) for the purpose of financing, directly or indirectly, the activities of any person or entity, or for the benefit of any country or territory, the target of any Sanctions or located, incorporated or operating in any country or territory which is the target of any Sanctions.

## 6. INDEMNITY

6.1 Without prejudice to the other rights or remedies of the Dealers, the Issuer undertakes to each Dealer that if that Dealer or any Relevant Party relating to that Dealer incurs any liability, damages, cost, loss or expense (including, without limitation, legal fees, costs and expenses) (a **Loss**) arising out of, in connection with, or based on:

- (a) any failure by the Issuer to issue on the agreed Issue Date any Covered Bonds which a Dealer has agreed to purchase; or
- (b) any actual or alleged breach of the representations, warranties and undertakings contained in, or made or deemed to be made by the Issuer under, this Agreement; or
- (c) any untrue or misleading (or allegedly untrue or misleading) statement in, or any omission (or alleged omission) from, the Base Prospectus; or
- (d) any untrue or misleading (or allegedly untrue or misleading) statement in, or any omission (or alleged omission) from, any additional written information provided by the Issuer to the Dealers under Clause 7,

the Issuer shall pay to that Dealer on demand an amount equal to such Loss. No Dealer shall have any duty or obligation, whether as fiduciary or trustee for any Relevant Party or otherwise, to recover any such payment or to account to any other person for any amounts paid to it under this Clause 6.1.

6.2 In case any action shall be brought against any Relevant Party in respect of which recovery may be sought from the Issuer under this Clause 6, the relevant Dealer shall promptly notify the Issuer in writing but failure to do so will not relieve the Issuer from any liability under this Agreement. Subject to Clause 6.3, the Issuer may participate at its own expense in the defence of any action.

6.3 If it so elects within a reasonable time after receipt of the notice referred to Clause 6.2, the Issuer may, subject as provided below, assume the defence of the action with legal advisers chosen by it and approved by the Relevant Party. Provided that and notwithstanding any such election a Relevant Party may employ separate legal advisers, and the Issuer shall not be entitled to assume such defence and shall bear the fees and expenses of such separate legal advisers if:

- (a) the use of the legal advisers chosen by the Issuer to represent the Relevant Party would present such legal advisers with a conflict of interest;
- (b) the actual or potential defendants in, or targets of, any such action include both the Relevant Party and the Issuer and the Relevant Party concludes that there may be legal defences available to it and/or other Relevant Parties which are different from or additional to those available to the Issuer; or
- (c) the Issuer has not employed legal advisers satisfactory to the Relevant Party to represent the Relevant Party within a reasonable time after notice of the institution of such action.

If the Issuer assumes the defence of the action, the Issuer shall not be liable for any fees and expenses of legal advisers of the Relevant Party incurred thereafter in connection with the action, except as stated above.

- 6.4 The Issuer shall not be liable in respect of any settlement of any action effected without its consent, such consent not to be unreasonably withheld or delayed. The Issuer shall not, without the prior written consent of the Relevant Party, effect any settlement or compromise, or consent to the entry of any judgment with respect to, any pending or threatened claim or action in respect of which recovery may be sought hereunder (whether or not the Relevant Party is an actual or potential party to such claim or action) unless such settlement, compromise or consent includes an unconditional release of the Relevant Party from all liability arising out of such claim or action and does not include a statement as to, or an admission of, fault, culpability or failure to act by or on behalf of the Relevant Party.

## **7. AUTHORITY TO DISTRIBUTE DOCUMENTS AND PROVIDE INFORMATION**

Subject to Clause 8, the Issuer authorises each of the Dealers on behalf of the Issuer to provide copies of, and to make oral statements consistent with, the Base Prospectus (and any translation of all or any part of the Base Prospectus) and such additional written information as the Issuer shall provide to the Dealers or approve for the Dealers to use or such other information as is in the public domain to actual and potential purchasers of Covered Bonds.

## **8. DEALERS' UNDERTAKINGS**

- 8.1 Each Dealer severally agrees to comply with the restrictions and agreements set out in Appendix 2 unless otherwise agreed with the Issuer. In addition, the Issuer agrees to comply with the restrictions set out in Appendix 2.
- 8.2 Without prejudice to the other rights and remedies of the Issuer, each Dealer severally undertakes with the Issuer that it will hold the Issuer indemnified against any losses, liabilities, costs, claims, charges, expenses, actions or demands which the Issuer may incur or which may be made against as a result of any breach by that Dealer of any of its undertakings contained in Clause 8.1 provided that, without prejudice to any other claim the Issuer may have against that Dealer, no Dealer shall be liable to hold the Issuer indemnified against any losses, liabilities, costs, claims, charges, expenses, actions or demands arising from the sale of Covered Bonds to any person believed in good faith by that Dealer, on reasonable grounds after making all reasonable investigations, to be a person to whom Covered Bonds could legally be sold in compliance with the provisions of Appendix 2. The provisions of Clauses 6.2 to 6.4 with respect to the conduct and settlement of any actions shall apply, *mutatis mutandis*, to this indemnity.

## 9. FEES, EXPENSES AND STAMP DUTIES

9.1 The Issuer undertakes that it will:

- (a) pay to each Dealer all commissions agreed between the Issuer and that Dealer in connection with the sale of any Covered Bonds to that Dealer (and any value added tax properly chargeable thereon (to the extent that the Dealer or another member of its group is required to account to any tax authority for that value added tax) or other tax, other than FATCA Withholding Tax thereon);
- (b) pay (together with any value added tax or other tax, other than FATCA Withholding Tax thereon):
  - (i) the fees and expenses of its legal advisers and auditors;
  - (ii) the cost of listing and maintaining the listing of any Covered Bonds which are to be listed on a Stock Exchange;
  - (iii) the cost of obtaining any credit rating for the Covered Bonds;
  - (iv) the fees and expenses of the Fiscal Agent, Registrar and the other agents appointed under the Agency Agreement in the case of an issue of CSD Covered Bonds, the fees and expenses of the CSD Agent (where the Issuer is not the CSD Agent), respectively; and
  - (v) all expenses in connection with (A) the establishment of the Programme and (B) each future update of the Programme including, but not limited to, the preparation and printing of the Base Prospectus, all amendments and supplements to it, replacements of it and each update to it and the cost of any publicity agreed by the Issuer;
- (c) pay the fees and disbursements of the legal advisers appointed to represent the Dealers (including any value added tax or other tax thereon) in connection with the establishment and each update of the Programme;
- (d) pay promptly, and in any event before any penalty becomes payable, any stamp, documentary, registration or similar duty or tax (including any stamp duty reserve tax) payable in connection with the entry into, performance, enforcement or admissibility in evidence of any Covered Bond, any of the Agreements or any communication pursuant thereto and that it will indemnify each Dealer against any liability with respect to or resulting from any delay in paying or omission to pay any such duty or tax; and
- (e) reimburse each Dealer for its costs and expenses reasonably and properly incurred in protecting or enforcing any of its rights under this Agreement (including any value added tax or other tax thereon).

9.2 All payments by the Issuer under this Agreement shall be paid without set-off or counterclaim, and free and clear of and without deduction or withholding for or on account of, any present or future taxes, levies, imports, duties, fees, assessments or other charges of whatever nature, imposed by Iceland or by any department, agency or other political sub-division or taxing authority thereof or therein, and all interest, penalties or similar liabilities with respect thereto (**Taxes**). If any Taxes are required by law to be deducted or withheld in connection with any such payment, the Issuer will increase the amount paid so that the full amount of such payment is received by the payee as if no such deduction or withholding had been made. In addition, the Issuer agrees to indemnify and hold



the Dealers harmless against any Taxes which they are required to pay in respect of any amount paid by the Issuer under this Agreement. Notwithstanding any other provision in this Agreement, the Issuer shall be entitled to deduct any FATCA Withholding Tax and shall have no obligation to gross-up any payment hereunder or to pay any additional amount as a result of such FATCA Withholding Tax.

## **10. TERMINATION OF APPOINTMENT OF DEALERS**

The Issuer or (as to itself) a Dealer may terminate the arrangements described in this Agreement by giving not less than 30 days' written notice to the other parties. The Issuer may terminate the appointment of a Dealer or Dealers by giving not less than 30 days' written notice to such Dealer or Dealers (with a copy to all the other Dealers and the Fiscal Agent). Termination shall not affect any rights or obligations (including but not limited to those arising under Clauses 6, 8 and/or 9) which have accrued at the time of termination or which accrue thereafter in relation to any act or omission or alleged act or omission which occurred before termination.

## **11. APPOINTMENT OF NEW DEALERS**

11.1 The Issuer may at any time appoint one or more New Dealers for the duration of the Programme or, with regard to an issue of a particular Tranche of Covered Bonds, one or more New Dealers for the purposes of that Tranche, in either case upon the terms of this Agreement. Unless an appointment is made in a Subscription Agreement any appointment shall be made by:

- (a) the delivery by the New Dealer to the Issuer of an appropriate Dealer Accession Letter; and
- (b) the delivery by the Issuer to the New Dealer of an appropriate Confirmation Letter.

11.2 Upon receipt of the relevant Confirmation Letter or execution of the relevant Subscription Agreement, as the case may be, each New Dealer shall, subject to the terms of the relevant Dealer Accession Letter or the relevant Subscription Agreement, as the case may be, become a party to this Agreement, vested with all authority, rights, powers, duties and obligations of a Dealer as if originally named as a Dealer under this Agreement provided that, except in the case of the appointment of a New Dealer for the duration of the Programme, following the Issue Date of the relevant Tranche, the relevant New Dealer shall have no further such authority, rights, powers, duties or obligations except for any which have accrued or been incurred prior to, or in connection with, the issue of the relevant Tranche.

11.3 The Issuer shall promptly notify the other Dealers and the Fiscal Agent of any appointment of a New Dealer for the duration of the Programme by supplying to them a copy of any Dealer Accession Letter and Confirmation Letter. Such notice shall be required to be given in the case of an appointment of a New Dealer for a particular Tranche of Covered Bonds to the Fiscal Agent only.

## **12. INCREASE IN THE AGGREGATE NOMINAL AMOUNT OF THE PROGRAMME**

12.1 From time to time the Issuer may increase the aggregate nominal amount of the Covered Bonds that may be issued under the Programme by delivering to the Listing Agent and the Dealers (with a copy to the Fiscal Agent) a letter substantially in the form set out in Appendix 4. Upon the date specified in the notice (which date may not be earlier than seven London business days after the date the notice is given) and subject to satisfaction of the conditions precedent set out in Clause 12.2, all references in the Agreements to a Programme of a certain nominal amount shall be deemed to be references to a Programme of the increased nominal amount.

12.2 Notwithstanding Clause 12.1, the right of the Issuer to increase the aggregate nominal amount of the Programme shall be subject to each Dealer having received and found satisfactory all the documents

and confirmations described in Part 2 of the Initial Documentation List (with such changes as may be relevant with reference to the circumstances at the time of the proposed increase as are agreed between the Issuer and the Dealers), and the satisfaction of any further conditions precedent that any of the Dealers may reasonably require, including, without limitation, the production of a new Base Prospectus or a supplement to the Base Prospectus by the Issuer and any further or other documents required by the relevant authority or authorities for the purpose of listing any Covered Bonds to be issued under the increased Programme on the relevant Stock Exchange. The Arranger shall circulate to the Dealers all the documents and confirmations described in Part 2 of the Initial Documentation List and any further conditions precedent so required. Any Dealer must notify the Arranger and the Issuer within seven London business days of receipt if it considers, in its reasonable opinion, that any of the documents, confirmations and, if applicable, further conditions precedent are unsatisfactory and, in the absence of such notification, each Dealer shall be deemed to consider the documents and confirmations to be satisfactory and any further conditions precedent to be satisfied.

### **13. STATUS OF THE ARRANGER**

- 13.1 Each of the Dealers agrees that the Arranger has only acted in an administrative capacity to facilitate the establishment and/or maintenance of the Programme and has no responsibility to it for (a) the adequacy, accuracy, completeness or reasonableness of any representation, warranty, undertaking, agreement, statement or information in the Base Prospectus, any Final Terms, this Agreement or any information provided in connection with the Programme or (b) the nature and suitability to it of all legal, tax and accounting matters and all documentation in connection with the Programme or any Tranche.
- 13.2 The Arranger shall have only those duties, obligations and responsibilities expressly specified in this Agreement.
- 13.3 Each of the Dealers agrees that a determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**) and/or the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**), as applicable, any Dealer subscribing for any Covered Bonds is a manufacturer in respect of such Covered Bonds, but that, otherwise, neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules and/or the UK MiFIR Product Governance Rules, respectively.

### **14. COUNTERPARTS**

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

### **15. COMMUNICATIONS**

- 15.1 All communications shall be by telex, fax or letter delivered by hand or (but only where specifically provided in the Procedures Memorandum) by telephone. Each communication shall be made to the relevant party at the telex number, fax number or address or telephone number and, in the case of a communication by telex, fax or letter, marked for the attention of, or (in the case of a communication by telephone) made to, the person or department from time to time specified in writing by that party to the others for the purpose. The initial telephone number, telex number, fax number and person or department so specified by each party are set out in the Procedures Memorandum.
- 15.2 A communication shall be deemed received (if by telex) when a confirmed answerback is received at the end of the transmission, (if by fax) when an acknowledgement of receipt is received, (if by telephone) when made or (if by letter) when delivered, in each case in the manner required by this

Clause. 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.

- 15.3 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.

## 16. BENEFIT OF AGREEMENT

- 16.1 This Agreement shall be binding on and shall inure for the benefit of the Issuer and each Dealer and their respective successors and permitted assigns.
- 16.2 A Dealer may only assign or transfer its rights or obligations under this Agreement with the prior written consent of the Issuer upon giving not less than 30 days' written notice to the other parties hereto except for an assignment and/or transfer of all of a Dealer's rights and obligations hereunder in whatever form such Dealer determines may be appropriate to a partnership, corporation, trust or other organisation in whatever form that may succeed to, or to which the Dealer transfers, all or substantially all of the Dealer's assets and business and that assumes such obligations by contract, operation of law or otherwise. Upon any such transfer and assumption of obligations such Dealer shall be relieved of and fully discharged from all obligations under this Agreement, whether such obligations arose before or after such transfer and assumption.

## 17. CURRENCY INDEMNITY

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

## 18. CALCULATION AGENT

- 18.1 In the case of any Series of Covered Bonds (other than CSD Covered Bonds) which require the appointment of a Calculation Agent, the relevant Dealer or, as the case may be, the Lead Manager may request the Issuer to appoint that Dealer or Lead Manager, or a person nominated by such Dealer or Lead Manager (a **Nominee**), as Calculation Agent.

- 18.2 Should a request be made to the Issuer for the appointment of that Dealer or Lead Manager as the Calculation Agent, the appointment shall be automatic upon the issue of the relevant Series of Covered Bonds (not being CSD Covered Bonds) and shall, except as agreed, be on the terms set out in the Calculation Agency Agreement set out in Schedule 1 to the Agency Agreement, and no further action shall be required to effect the appointment of the Dealer or Lead Manager as Calculation Agent in relation to that Series of Covered Bonds, and the Schedule to the Calculation Agency Agreement shall be deemed to be duly annotated to include that Series. The name of the Dealer or Lead Manager so appointed will be entered in the applicable Final Terms.
- 18.3 Should a request be made to the Issuer for the appointment of a Nominee as the Calculation Agent, the Nominee shall agree with the Issuer in writing to its appointment as Calculation Agent on the terms set out in the Calculation Agency Agreement set out in Schedule 1 to the Agency Agreement and no further action shall be required to effect the appointment of the Nominee as Calculation Agent in relation to that Series of Covered Bonds (not being CSD Covered Bonds), and the Schedule to the Calculation Agency Agreement shall be deemed to be duly annotated to include that Series. The name of the Nominee so appointed will be entered in the applicable Final Terms.

## **19. STABILISATION**

In connection with the distribution of any Covered Bonds, any Dealer designated as a Stabilisation Manager in the applicable Final Terms may over-allot or effect transactions which support the market price of the Covered Bonds and/or any associated securities at a level higher than that which might otherwise prevail, but in doing so such Dealer shall act as principal and not as agent of the Issuer. Any stabilisation will be conducted in accordance with all applicable regulations. Any loss resulting from over-allotment and stabilisation shall be borne, and any net profit arising therefrom shall be retained, by any Stabilisation Manager for its own account.

## **20. 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.

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

- 21.1 This Agreement and every agreement for the issue and purchase of Covered Bonds as referred to in Clause 2 and any non-contractual obligations arising out of or in connection with such agreements are governed by, and shall be construed in accordance with, English law.
- 21.2 The Issuer irrevocably agrees for the benefit of the Dealers that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Agreement (including a dispute relating to any non-contractual obligations arising out of or in connection with this Agreement) and accordingly submits to the exclusive jurisdiction of the English courts.
- 21.3 For the avoidance of doubt, Clauses 21.1 and 21.2 will not apply to the terms of the CSD Covered Bonds, are governed by, and shall be construed in accordance with, Icelandic law.
- 21.4 The Issuer waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum.
- 21.5 The Dealers may take any suit, action or proceeding (together referred to as **Proceedings**) arising out of or in connection with this Agreement (including any Proceedings relating to any non-contractual

obligations arising out of or in connection with this Agreement), against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

- 21.6 The Issuer appoints Law Debenture Corporate Services Limited at its registered office at Fifth Floor, 8th Floor 100 Bishopsgate, London, United Kingdom, EC2N 4AG as its agent for service of process in England and agrees that, in the event of Law Debenture Corporate Services Limited ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing in this Clause shall affect the right to serve process in any other manner permitted by law.
- 21.7 The Issuer irrevocably and unconditionally waives with respect to this Agreement any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence and irrevocably and unconditionally consents to the giving of any relief or the issue of any process, including without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

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

- 22.1 Notwithstanding and to the exclusion of any other term in this Agreement or any other agreements, arrangements, or understandings between or among any of the parties to this Agreement, each of the parties to this Agreement 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 any BRRD Entity to it 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 any BRRD Liability or outstanding amounts due thereon;
    - (ii) the conversion of all, or a portion, of any BRRD Liability into shares, other securities or other obligations of the relevant BRRD Entity or another person and the issue to or conferral on it of such shares, securities or obligations;
    - (iii) the cancellation of any BRRD Liability; and
    - (iv) the amendment or alteration of any interest, if applicable, thereon, the maturity or the dates on which any payments are due, including by suspending payment for a temporary period; and
  - (b) the variation of the terms of this Agreement, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of Bail-in Powers by the Relevant Resolution Authority.

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

## APPENDIX 1

### INITIAL DOCUMENTATION LIST

#### PART 1

1. A certified copy of the English translation of the Articles of Association of the Issuer.
2. A certified copy of all resolutions and other authorisations required to be passed or given, and evidence of any other action required to be taken, on behalf of the Issuer:
  - (a) to approve its entry into the Agreements, the establishment of the Programme and the issue of Covered Bonds;
  - (b) to authorise appropriate persons to execute each of the Agreements and any Covered Bonds and to take any other action in connection therewith; and
  - (c) to authorise appropriate persons to enter into agreements with any Dealer on behalf of the Issuer to issue Covered Bonds in accordance with Clause 2 of this Agreement.
3. A certified list of the names, titles and specimen signatures of the persons authorised on behalf of the Issuer in accordance with paragraph 2(c) above.
4. Certified copies of any other governmental or other consents, authorisations and approvals required for the Issuer to issue Covered Bonds, for the Issuer to execute and deliver the Agreements and to fulfil its obligations under the Agreements.
5. Confirmation that one or more master Temporary Global Covered Bonds or master Permanent Global Covered Bonds or master Regulation S Global Covered Bond (from which copies can be made for each particular issue of Covered Bonds), duly executed by a person or persons authorised to take action on behalf of the Issuer as specified in paragraph 2(b) above, have been delivered to the Fiscal Agent and the Registrar, as appropriate.
6. Legal opinions addressed to each of the Dealers dated on or after the date of this Agreement, in such form and with such content as the Dealers may reasonably require, from:
  - (a) Advel, legal advisers to the Issuer as to Icelandic law; and
  - (b) Allen & Overy LLP, legal advisers to the Issuer as to English law.
7. A conformed copy of each of the Agreements and confirmation that executed copies have been delivered, in the case of the Agency Agreement, to the Fiscal Agent (for itself and the other agents party thereto) and, in the case of the Deed of Covenant, to a common depositary (in the case of CGCBs) or to the common safekeeper (in the case of NGCBs) for Euroclear and Clearstream, Luxembourg.
8. If applicable, confirmation of the execution and delivery by the Issuer of the Programme Effectuation Authorisation to each of Euroclear and Clearstream, Luxembourg (the **ICSDs**), the execution and delivery of an Issuer – ICSDs Agreement by the parties thereto and the making by the Agent of a common safekeeper election in accordance with clause 2.6 of the Agency Agreement.
9. If applicable, confirmation of the execution and delivery of the agreement between the CSD Agent and the CSD, by the parties thereto.

10. A printed final version of the Base Prospectus and the Procedures Memorandum.
11. Confirmation that the Base Prospectus has been approved as a base prospectus by the CSSF and has been published in accordance with the Prospectus Regulation.
12. Comfort letter from Deloitte ehf. as independent auditors of the Issuer in such form and with such content as the Dealers may reasonably request.
13. Letter from Law Debenture Corporate Services Limited confirming its acceptance as agent for service of process of the Issuer.
14. Certified copy of the licence issued by the Icelandic FSA authorising the Issuer to issue Covered Bonds under the Icelandic Covered Bond Act.

## PART 2

15. A certified copy of the Articles of Association of the Issuer or confirmation that they have not been changed since they were last submitted to the Dealers.
16. A certified copy of all resolutions and other authorisations required to be passed or given, and evidence of any other action required to be taken, on behalf of the Issuer to approve the increase in the amount of the Programme.
17. Certified copies of any other governmental or other consents, authorisations and approvals required for the increase.
18. Confirmation that one or more master Temporary Global Covered Bonds and master Permanent Global Covered Bonds or master Regulation S Global Covered Bonds (from which copies can be made for each particular issue of Covered Bonds), duly executed by a person or persons authorised to take action on behalf of the Issuer as specified in paragraph 2(b) of Part 1 of the Initial Documentation List, have been delivered to the Fiscal Agent and the Registrar as appropriate.
19. Legal opinions addressed to each of the Dealers dated on or after the date of this Agreement, in such form and with such content as the Dealers may reasonably require, from:
  - (a) Advel, legal advisers to the Issuer as to Icelandic law; and
  - (b) Allen & Overy LLP, legal advisers to the Issuer as to English law.
20. A printed final version of the Base Prospectus.
21. Confirmation that (a) the new Base Prospectus has been approved as a base prospectus by the CSSF or (b) the supplement has been approved by the CSSF and, in each case, has been published in accordance with the Prospectus Regulation.
22. Confirmation from the Listing Agent that Covered Bonds to be issued under the increased Programme will be listed on the Luxembourg Stock Exchange.
23. Comfort letter from Deloitte ehf. as independent auditors of the Issuer in such form and with such content as the Dealers may reasonably request.



## APPENDIX 2

### SELLING RESTRICTIONS

#### United States

The Covered Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Covered Bonds in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended (the **Code**) and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether the Covered Bonds will be issued (i) in compliance with U.S. Treasury regulations §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (**TEFRA C**) rules or U.S. Treasury regulations §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (**TEFRA D**) or (ii) under circumstances pursuant to which the Covered Bonds will not constitute registration required obligations under the U.S. Tax Equity and Fiscal Responsibility Act of 1982 (**TEFRA**) or will be treated as issued in registered form for U.S. federal income tax purposes such that TEFRA is not applicable.

In connection with any Covered Bonds which are offered or sold outside the United States in reliance on an exemption from the registration requirements of the Securities Act provided under Regulation S (**Regulation S Covered Bonds**), each Dealer represents and agrees that it will not offer, sell or deliver such Regulation S Covered Bonds (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, of all Covered Bonds of the Tranche of which such Regulation S Covered Bonds are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer further agrees that it will send to each dealer to which it sells any Regulation S Covered Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Regulation S Covered Bonds within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Covered Bonds, an offer or sale of such Covered Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

#### Prohibition of Sales to EEA Retail Investors

Each Dealer represents and agrees that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering contemplated by the Base Prospectus as completed by the relevant Final Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression **retail investor** means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

- (ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in the Prospectus Regulation; and
- (b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds.

### **Prohibition of sales to UK Retail Investors**

Each Dealer represents and agrees, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Covered Bonds which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression **retail investor** means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); or
  - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and
- (b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds.

### **United Kingdom**

Each Dealer represents and agrees that:

- (a) in relation to any Covered Bonds which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Covered Bonds other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Covered Bonds would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000, as amended (**FSMA**) by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Covered Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Covered Bonds in, from or otherwise involving the United Kingdom.

## Republic of Italy

Each Dealer represents and agrees that the offering of the Covered Bonds has not been registered with Commissione Nazionale per le Società e la Borsa (**CONSOB**) pursuant to Italian securities legislation and, accordingly, no Covered Bonds may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Covered Bonds be distributed in the Republic of Italy, except:

- (a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of the Prospectus Regulation and any applicable provision of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and/or Italian CONSOB regulations; or
- (b) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-ter of CONSOB Regulation No. 11971 of May 1999, as amended from time to time, and the applicable Italian laws.

Furthermore, each Dealer represents and agrees that any offer, sale or delivery of the Covered Bonds or distribution of copies of the Base Prospectus or any other document relating to the Covered Bonds in the Republic of Italy under paragraph (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Italian Banking Act**); and
- (ii) in compliance with Article 129 of the Italian Banking Act, as amended and the implementing guidelines of the Bank of Italy (as amended from time to time) pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; or
- (iii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

## Iceland

Each Dealer represents and agrees that it will not offer Covered Bonds to the public in Iceland, except in compliance with the Act on Markets in Financial Instruments (No. 115/2021), as amended, and any applicable laws or regulations of Iceland.

## Japan

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**) and each Dealer represents and agrees that it will not offer or sell any Covered Bonds, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

## Hong Kong

Each Dealer represents and agrees that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any of the Covered Bonds (except for Covered Bonds which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (the **SFO**) other than (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent); or (ii) to "professional investors" as defined in the SFO and any rules made under the SFO; or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong (the **C(WUMP)O**) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Covered Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Covered Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

### **Belgium**

Each Dealer represents and agrees that it has not physically delivered and will not physically deliver in Belgium any of the Covered Bonds other than to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005.

### **Singapore**

Each Dealer acknowledges that this Base Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer represents and agrees, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Covered Bonds or caused the Covered Bonds to be made the subject of an invitation for subscription or purchase and it will not offer or sell any Covered Bonds or cause any Covered Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Covered Bonds, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the **SFA**)) pursuant to Section 274 of the SFA, or (b) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

### **General**

Each Dealer represents and agrees that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Covered Bonds or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission, required by it for the purchase, offer, sale or delivery by it of Covered Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and the Dealers represents that Covered Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating any such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.



### APPENDIX 3

## FORMS OF DEALER ACCESSION AND CONFIRMATION LETTERS

### PART 1

#### FORM OF DEALER ACCESSION LETTER – PROGRAMME

[Date]

To: Arion Bank hf.  
(the **Issuer**)

Dear Sirs,

**Arion Bank hf.**  
**European Covered Bond (Premium) Programme**  
**(the Programme)**

We refer to the Programme Agreement dated 10 February 2012, as amended and restated on 16 July 2021 and 12 October 2022 and as further amended and restated on 14 December 2023, entered into in respect of the above Programme and made between the Issuer and the Dealers party to it (which agreement, as amended, supplemented or restated from time to time, is referred to as the **Programme Agreement**).

We confirm that we are in receipt of the following documents:

- (a) a copy of the Programme Agreement; and
- (b) a copy of current versions of all other documents delivered under Appendix 1 to the Programme Agreement as we have requested

and have found them to our satisfaction.\*

For the purposes of the Programme Agreement our notice details are as follows:

*[insert name, address, telephone, facsimile, telex (+ answerback) and attention].*

In consideration of the appointment by the Issuer of us as a Dealer under the Programme Agreement we undertake, for the benefit of the Issuer and each of the other Dealers, that we will perform and comply with all the duties and obligations expressed to be assumed by a Dealer under the Programme Agreement.

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

Yours faithfully,  
*[Name of New Dealer]*

By:

cc: The Bank of New York Mellon, London Branch as Fiscal Agent  
The other Dealers

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\* It is important to ensure that each original legal opinion and comfort letter permits it to be delivered to, and relied upon by, New Dealers, otherwise a side letter to this effect should be provided.

**PART 2**

**FORM OF CONFIRMATION LETTER – PROGRAMME**

[Date]

To: [Name and address of New Dealer]

Dear Sirs,

**Arion Bank hf.  
European Covered Bond (Premium) Programme  
(the Programme)**

We refer to the Programme Agreement dated 10 February 2012 (which agreement, as amended and/or supplemented and/or restated from time to time, is referred to as the **Programme Agreement**) entered into in respect of the above Programme and acknowledge receipt of your Dealer Accession Letter to us dated [specify].

We confirm that, with effect from today's date, you shall become a Dealer under the Programme Agreement in accordance with clause 11.2 of the Programme Agreement.

Yours faithfully,  
**Arion Bank hf.**

By:

cc: The Bank of New York Mellon, London Branch as Fiscal Agent  
The other Dealers

**PART 3**

**FORM OF DEALER ACCESSION LETTER – COVERED BOND ISSUE**

[Date]

To: Arion Bank hf.  
(the **Issuer**)

Dear Sirs,

**Arion Bank hf.**  
[Description of issue]  
(the **Covered Bonds**)

We refer to the Programme Agreement dated 10 February 2012 and made between the Issuer and the Dealers party to it (which agreement, as amended and/or supplemented and/or restated from time to time, is referred to as the **Programme Agreement**).

We confirm that we are in receipt of the following documents:

- (a) a copy of the Programme Agreement; and
- (b) a copy of current versions of all other documents delivered under Appendix 1 of the Programme Agreement as we have requested,

and have found them to our satisfaction.\* □ □

For the purposes of the Programme Agreement our notice details are as follows:

[insert name, address, telephone, facsimile, telex (+ answerback) and attention].

In consideration of the appointment by the Issuer of us as a Dealer under the Programme Agreement in respect of the issue of the Covered Bonds we undertake, for the benefit of the Issuer and each of the other Dealers, that, in relation to the issue of the Covered Bonds, we will perform and comply with all the duties and obligations expressed to be assumed by a Dealer under the Programme Agreement.

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

Yours faithfully,  
[Name of New Dealer]

By:

cc: The Bank of New York Mellon, London Branch as Fiscal Agent

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\* It is important to ensure that each original legal opinion and comfort letter permits it to be delivered to, and relied upon by, New Dealers, otherwise a side letter to this effect should be provided.



**FORM OF CONFIRMATION LETTER – COVERED BOND ISSUE**

[Date]

To: [Name and address of New Dealer]

Dear Sirs,

**Arion Bank hf.**  
[Description of issue]  
(the Covered Bonds)

We refer to the Programme Agreement dated 10 February 2012 (which agreement, as amended and/or supplemented and/or restated from time to time, is referred to as the **Programme Agreement**) and acknowledge receipt of your Dealer Accession Letter to us dated [specify].

We confirm that, with effect from today's date, in respect of the issue of the Covered Bonds, you shall become a Dealer under the Programme Agreement in accordance with clause 11.2 of the Programme Agreement.

Yours faithfully,  
**Arion Bank hf.**

By:

cc: The Bank of New York Mellon, London Branch as Fiscal Agent

## APPENDIX 4

### LETTER REGARDING INCREASE IN THE NOMINAL AMOUNT OF THE PROGRAMME

[Date]

To: The Dealers and the Listing Agent  
(as those expressions are defined in the  
Programme Agreement  
dated 10 February 2012 which agreement, as amended and/or supplemented and/or restated from  
time to time (the **Programme Agreement**))

Dear Sirs,

**Arion Bank hf.**  
**European Covered Bond (Premium) Programme**  
**(the Programme)**

We require, pursuant to clause 12.1 of the Programme Agreement, that the aggregate nominal amount of the above Programme be increased to [€] [*specify*] from [*specify date which is no earlier than seven London business days after the date the notice is given*] whereupon (but subject as provided in the next paragraph) all references in the Agreements will be deemed amended accordingly.

We understand that this increase is subject to the satisfaction of the condition set out in clause 12.2 of the Programme Agreement, namely that each Dealer shall have received and found satisfactory all the documents and confirmations described in the Part 2 of the Initial Documentation List (with such changes as may be relevant, with reference to the circumstances at the time of the proposed increase, as are agreed between the Issuer and the Dealers) and the delivery of any further conditions precedent that any of the Dealers may reasonably require.

You must notify the Arranger and ourselves within [seven] London business days of receipt by you of those documents and confirmations and, if applicable, further conditions precedent if you consider (in your reasonable opinion) that any of them are unsatisfactory and, in the absence of such notification, you will be deemed to consider such documents and confirmations to be satisfactory and such further conditions precedent to be satisfied.

Terms used in this letter have the meanings given to them in the Programme Agreement.

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

Yours faithfully,

**Arion Bank hf.**

By:

cc: The Bank of New York Mellon, London Branch as Fiscal Agent

## APPENDIX 5

### FORM OF SUBSCRIPTION AGREEMENT

ARION BANK HF.

**[DESCRIPTION OF ISSUE]**

[DATE]

To: [Names of Managers]  
(the **Managers**)

c/o [ ]  
(the **Lead Manager**)

cc: The Bank of New York Mellon, London Branch as Fiscal Agent

The Bank of New York Mellon SA/NV Luxembourg Branch (formerly The Bank of New York Mellon Luxembourg S.A.) as Registrar

Dear Sirs,

Arion Bank hf. (the **Issuer**) proposes to issue [DESCRIPTION OF ISSUE] (the **Covered Bonds**) under the €3,000,000,000 European Covered Bond (Premium) Programme established by it. The terms of the issue shall be as set out in the form of Final Terms attached to this Agreement as Annex A.

This Agreement is supplemental to the Programme Agreement dated 10 February 2012 which agreement, as amended and/or supplemented and/or restated from time to time (together the **Programme Agreement**) made between the Issuer and the Dealers party thereto. All terms with initial capitals used herein without definition have the meanings given to them in the Programme Agreement.

We wish to record the arrangements agreed between us in relation to the issue:

1. [This Agreement appoints each Manager which is not a party to the Programme Agreement (each a **New Dealer**) as a New Dealer in accordance with the provisions of clause 11 of the Programme Agreement for the purposes of the issue of the Covered Bonds. Each Manager confirms that it is in receipt of the documents referenced below:
  - (a) a copy of the Programme Agreement; and
  - (b) a copy of such of the documents delivered under Appendix 1 of the Programme Agreement as it has requested.

For the purposes of the Programme Agreement the details of the Lead Manager for service of notices are as follows:

[insert name, address, telephone, facsimile, telex (+ answerback) and attention].

In consideration of the Issuer appointing each New Dealer as a Dealer in respect of the Covered Bonds under the Programme Agreement, each New Dealer hereby undertakes, for the benefit of the Issuer, the Lead Manager (for itself and each of the other Dealers) and each of the Managers, that, in relation to the issue of the Covered Bonds, it will perform and comply with all the duties and

obligations expressed to be assumed by a Dealer under the Programme Agreement, a copy of which it acknowledges it has received from the Lead Manager. The Issuer confirms that each New Dealer shall be vested with all authority, rights, powers, duties and obligations of a Dealer in relation to the issue of the Covered Bonds as if originally named as a Dealer under the Programme Agreement provided that following the Issue Date of the Covered Bonds each New Dealer shall have no further such authority, rights, powers, duties or obligations except for any which have accrued or been incurred prior to, or in connection with, the issue of the Covered Bonds.]

2. Subject to the terms and conditions of the Programme Agreement and this Agreement the Issuer agrees to issue the Covered Bonds and the Managers jointly and severally agree to subscribe or procure subscribers for the Covered Bonds at a price of [*specify*] per cent. of the principal amount of the Covered Bonds (the **Purchase Price**), being the issue price of [*specify*] per cent. less a selling [commission/concession] of [*specify*] per cent. of such principal amount and a combined management and underwriting commission of [*specify*] per cent. of such principal amount. [Such commission will be divided between the Managers in the proportions set out in Annex 2 hereto.]
3. The settlement procedures set out in Part [●] of Annex 1 to the Procedures Memorandum shall apply as if set out in this Agreement provided that, for the purposes of this Agreement:
  - (a) the sum payable on the Issue Date shall represent the Purchase Price less any amount payable in respect of Managers' expenses as provided in the agreement referred to in Clause 4 of this Agreement (such sum payable on the Issue Date, the Net Purchase Monies)<sup>1</sup>;
  - (b) **Issue Date** means [*specify*] a.m. ([*specify*] time) on [*specify*] or such other time and/or date as the Issuer and the Lead Manager on behalf of the Managers may agree; and
  - (c) **Payment Instruction Date** means the Issue Date unless there is to be a pre-closing for the issue in which case it means the business day (being a day on which banks and foreign exchange markets are open for general business in London) prior to the Issue Date.

[If the new model for syndicated closings is being followed, consider including the following:]

[Notwithstanding the foregoing, the Issuer and the Manager[s] agree that Part [3/4] of Annex 1 to the Procedures Memorandum shall not apply to the extent required for the operation of the three paragraphs that follow.]

[[*The settlement bank*] or such other Manager as the [Issuer may direct /Managers may agree] to settle the Covered Bonds (the **Settlement Lead Manager**)/ The Settlement Lead Manager] acknowledges that the Covered Bonds [[initially] represented by the relevant [Temporary/Permanent[/Registered]] Global Covered Bond] will initially be credited to an account (the **Commissionaire Account**) for the benefit of the Settlement Lead Manager the terms of which include a third-party beneficiary clause (*'stipulation pour autrui'*) with the Issuer as the third-party beneficiary and provide that the Covered Bonds are to be delivered to others only against payment of the [monies representing Purchase Price/Net Purchase Monies]<sup>2</sup> into the Commissionaire Account on a delivery against payment basis.

The Settlement Lead Manager acknowledges that (i) the Covered Bonds represented by the relevant [Temporary/Permanent[/Registered]] Global Covered Bond] shall be held to the order of the Issuer as set out above and (ii) the [monies representing the Purchase Price/Net Purchase Monies]<sup>3</sup> received in the Commissionaire Account will be held on behalf of the Issuer until such time as they are transferred to the Issuer's order. The Settlement Lead Manager undertakes that the Purchase Price

<sup>1</sup> Only include this language if expenses are being deducted from the Purchase Price on settlement.

<sup>2</sup> Include the latter if expenses are being deducted from the Purchase Price on settlement.

<sup>3</sup> Include the latter if expenses are being deducted from the Purchase Price on settlement.

will be transferred to the Issuer's order promptly following receipt of such monies in the Commissionaire Account.

The Issuer acknowledges and accepts the benefit of the third-party beneficiary clause (*'stipulation pour autrui'*) pursuant to the Belgian or Luxembourg Civil Code, as applicable, in respect of the Commissionaire Account.]

4. [The arrangements in relation to expenses have been separately agreed between the Issuer and the Lead Manager.]
5. The obligation of the Managers to purchase the Covered Bonds is conditional upon:
  - (a) the conditions set out in clause 3.2 (other than that set out in clause 3.2(f)) of the Programme Agreement being satisfied as of the Payment Instruction Date (on the basis that the references therein to **relevant Dealer** shall be construed as references to the Lead Manager) and without prejudice to the aforesaid, the Base Prospectus dated [*specify*][, as supplemented by [●],] containing all material information relating to the assets and liabilities, financial position and profits and losses and prospects of the Issuer, the rights attaching to the Covered Bonds to be issued under this Agreement and the reasons for the issuance and its impact on the Issuer and nothing having happened or being expected to happen which would require the Base Prospectus [, as so supplemented,] to be [further] supplemented or updated; and
  - (b) the delivery to the Lead Manager on the Payment Instruction Date of:
    - (i) legal opinions addressed to the Managers and Fiscal Agent dated the Payment Instruction Date in such form and with such contents as the Lead Manager, on behalf of the Managers, may reasonably require from Advel, the legal advisers to the Issuer as to Icelandic law and from Allen & Overy LLP, the legal advisers to the Issuer as to English law;
    - (ii) a certificate dated the Payment Instruction Date signed by a duly authorised officer of the Issuer giving confirmation to the effect stated in paragraph (a) of this Clause 5;
    - (iii) comfort letters dated the date of this Agreement and the Payment Instruction Date from the independent auditors of the Issuer, in such form and with such content as the Managers may reasonably request; and
    - (iv) such other conditions precedent as the Lead Manager may require.

If any of the foregoing conditions is not satisfied on or before the Payment Instruction Date, this Agreement shall terminate on that date and the parties to this Agreement shall be under no further liability arising out of this Agreement (except for any liability of the Issuer in relation to expenses as provided in the agreement referred to in Clause 4 and except for any liability arising before or in relation to termination), provided that the Lead Manager, on behalf of the Managers, may in its discretion waive any of the aforesaid conditions (other than the condition precedent contained in clauses 3.2(c), (m), (o) and (p) of the Programme Agreement) or any part of them.

6. The Lead Manager, on behalf of the Managers, may, by notice to the Issuer, terminate this Agreement at any time prior to payment of the net purchase money to the Issuer if in the opinion of the Lead Manager there shall have been such a change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would in its view be likely to prejudice materially the success of the offering and distribution of the Covered Bonds or

dealings in the Covered Bonds in the secondary market and, upon notice being given, the parties to this Agreement shall (except for any liability of the Issuer in relation to expenses as provided in the agreement referred to in Clause 4 of this Agreement and except for any liability arising before or in relation to such termination) be released and discharged from their respective obligations under this Agreement.

7. Solely for the purposes of the requirements of Article 9(8) of the MIFID Product Governance rules under EU Delegated Directive 2017/593 (the **Product Governance Rules**) regarding the mutual responsibilities of manufacturers under the Product Governance Rules, each of the Issuer and the Joint Lead Manager[s]/[*identify Manager(s) who is/are deemed to be MiFID manufacturer(s)*] (each a **Manufacturer** and together the **Manufacturers**) acknowledges to each other Manufacturer that it understands the responsibilities conferred upon it under the Product Governance Rules relating to each of the product approval process, the target market and the proposed distribution channels as applying to the Covered Bonds and the related information set out in the Final Terms/announcements in connection with the Covered Bonds. The Managers and the Issuer note the application of the Product Governance Rules and acknowledge the target market and distribution channels identified as applying to the Covered Bondholders by the Manufacturer[s] and the related information set out in the Final Terms in connection with the Covered Bonds.
8. Solely for the purposes of the requirements of 3.2.7R of the FCA Handbook Product Intervention and Product Governance Sourcebook (the **UK MiFIR Product Governance Rules**) regarding the mutual responsibilities of manufacturers under the UK MiFIR Product Governance Rules:
  - (a) each of the [Joint Lead Manager[s]]/[*identify Managers who are deemed to be UK manufacturers*] ([each a][the] **UK Manufacturer** [and together the **UK Manufacturers**]) acknowledges to each other UK Manufacturer that it understands the responsibilities conferred upon it under the UK MiFIR Product Governance Rules relating to each of the product approval process, the target market and the proposed distribution channels as applying to the Covered Bonds and the related information set out in the Base Prospectus in connection with the Covered Bonds; and
  - (b) [*identify Joint Lead Manager[s] who are not deemed to be UK manufacturers*] note the application of the UK MiFIR Product Governance Rules and acknowledge the target market and distribution channels identified as applying to the Covered Bonds by the UK Manufacturers and the related information set out in the Base Prospectus in connection with the Covered Bonds.
9. [The Issuer confirms that it is acting as principal for its own account and not on behalf of any other person in relation to the issue of the Covered Bonds or the entry into this Agreement.][*Consider including where Deutsche Bank AG are a Dealer*]
10. Clauses 20 and 21 of the Programme Agreement shall also apply to this Agreement as if expressly incorporated herein.
11. 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.

Please confirm that this letter correctly sets out the arrangements agreed between us.

Yours faithfully,

For: **ARION BANK HF.**

By:

We confirm that this letter correctly sets out the arrangements agreed between us.

**BARCLAYS BANK IRELAND PLC**

By:

[[●]

By: ]



**ANNEX A TO THE SUBSCRIPTION AGREEMENT**

*[Form of Final Terms]*

**ANNEX B TO THE SUBSCRIPTION AGREEMENT  
MANAGERS' UNDERWRITING COMMITMENTS**

<b>Manager</b>	<b>Underwriting Commitment</b>
	<i>[Specify currency]</i>
[ ]	[ ]
[ ]	[ ]
[ ]	[ ]
[ ]	[ ]
[ ]	[ ]
<b>Total</b>	[ ]].