

## **SUPPLEMENTAL AGENCY AGREEMENT**

**DATED 11 JULY 2023**

between

**ÍSLANDSBANKI HF.**  
**as Issuer**

and

**Citibank, N.A., London Branch**  
**as Fiscal Agent, Paying Agent and Transfer Agent**

and  
**Citibank Europe plc**  
**as Registrar**

**€300,000,000 Series 2022-2 3.000% Covered Bonds due 20 September 2027**

**MAYER | BROWN**

LONDON

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**THIS SUPPLEMENTAL AGENCY AGREEMENT** is dated 11 July 2023

**BETWEEN:**

- (1) **ÍSLANDSBANKI hf.** (the **Issuer**);
- (2) **CITIBANK, N.A. LONDON BRANCH** (the **Fiscal Agent, Paying Agent and Transfer Agent** which expression shall include any successor fiscal agent or additional or successor paying agent or transfer agent appointed in accordance with the Principal Agency Agreement (as defined below)); and
- (3) **CITIBANK EUROPE PLC** (the **Registrar**, which expression shall include any successor registrar appointed in accordance with the Principal Agency Agreement).

**WHEREAS**

- (A) The Issuer has issued €300,000,000 Series 2022-2 3.000% Covered Bonds due 20 September 2027 (the **Covered Bonds**) with the benefit of an amended and restated agency agreement dated 6 September 2022 (the **Principal Agency Agreement**) made between the parties to this Agreement, including the terms and conditions of the Covered Bonds set out in Schedule 2 thereof (the **Conditions**).
- (B) Condition 16.1 and Clause 33 of the Principal Agency Agreement provide, amongst other items, that the Fiscal Agent and the Issuer may agree, without the consent of the Covered Bondholders or Couponholders, to modifications to the Covered Bonds, the Conditions and the Principal Agency Agreement which, in the opinion of the Issuer, are, amongst other items, (i) of a formal, minor or technical nature or (ii) made to comply with the provisions of (a) Directive (EU) 2019/2162 and Regulation (EU) 2019/2160 as such may be implemented into Icelandic law and/or (b) the Act on Covered Bonds.
- (C) The Fiscal Agent and the other parties to the Principal Agency Agreement have agreed with the Issuer, by virtue of the entering into of this Agreement, to the modifications to the Covered Bonds, the Conditions and the Principal Agency Agreement described in recital (B) above (such modifications hereinafter referred to as the **Agreed Modifications**) in the manner outlined in this Agreement and in accordance with Condition 16.1 and Clause 33 of the Principal Agency Agreement.
- (D) This Agreement relates to the Covered Bonds only and does not modify or affect in any manner the provisions of any other Series of Covered Bonds issued under the Programme prior to the date of this Agreement or any Series of Covered Bonds that may be issued under the Programme subsequent to the date of this Agreement.

**IT IS AGREED** as follows:

## **1. DEFINITIONS AND INTERPRETATION**

Terms and expressions defined in the Principal Agency Agreement and the Conditions shall have the same meanings in this Agreement, except where the context otherwise requires or unless otherwise stated.

## 2. MODIFICATIONS

The Fiscal Agent and the other parties to the Principal Agency Agreement have agreed with the Issuer, by virtue of the entering into of this Agreement, to the Agreed Modifications in the manner outlined in this Agreement and in accordance with Condition 16.1 and Clause 33 of the Principal Agency Agreement. Accordingly, pursuant to Condition 16.1 and Clause 33 of the Principal Agency Agreement, the Principal Agency Agreement is, in respect of the Covered Bonds only, modified on and from the date hereof as set out in clauses 2.1 – 2.4 below.

The Issuer hereby represents and warrants to the Fiscal Agent that the modifications to the Covered Bonds, the Conditions and the Principal Agency Agreement set out herein are of a formal, minor or technical nature or made to comply with the EU Covered Bond Rules and/or the Act on Covered Bonds.

### 2.1 Modifications to the Conditions

Schedule 1 of the Principal Agency Agreement shall be deleted in its entirety and replaced by a new Schedule 1, as set out in Annex 1 to this Agreement.

### 2.2 Modifications to certain definitions

The definition of Programme in clause 1.1 of the Principal Agency Agreement shall be deleted in its entirety and replaced with the following:

**Programme** means the European Covered Bond (Premium) Programme the subject of this Agreement (and references in the Principal Agency Agreement to the Covered Bond Programme shall be construed accordingly);

### 2.3 Modifications to the provisions regarding the extension of the Maturity Date

Clause 13 of the Principal Fiscal Agency Agreement shall be deleted and replaced with the following:

13.1 The applicable Final Terms may, subject to Condition 9.11(a) (*Automatic Extension*), provide that the obligations to pay the Final Redemption Amount of the applicable Series of Covered Bonds on their Maturity Date may be deferred until the Extended Maturity Date, provided that any amount representing the amount due on the Final Maturity Date as set out in the applicable Final Terms due and remaining unpaid on the Final Maturity Date may be paid on any Interest Payment Date thereafter up to and including (but no later than) the Extended Maturity Date. Such deferral will occur in accordance with Condition 9.11 (*Extension of Maturity Date*). Interest will continue to accrue on any unpaid amount and will be payable on each Interest Payment Date falling after the Maturity Date up to (and including) the Extended Maturity Date.

13.2 The Issuer undertakes to give the Fiscal Agent not less than five Business Days' notice prior to the Maturity Date (or, if it has not received a Maturity Extension Approval (as defined in Condition 9.11(a) at such time, promptly on receipt of such Maturity Extension Approval (as defined in Condition 9.11(a)) whether (a) payment will be made of the Final Redemption Amount of the applicable Series of Covered Bonds in full on their Maturity Date or (b) the obligation to pay the Final Redemption Amount of the applicable Series of Covered Bonds on their Maturity Date shall be deferred until the Extended Maturity Date (the **Extension Notice**). Notwithstanding the foregoing, the Issuer shall promptly give notice to the Fiscal Agent of any Maturity Extension Approval (as defined in Condition 9.11(a)).

- 13.3 As soon as reasonably practicable upon the receipt by the Fiscal Agent of the Extension Notice (and in any event within two Business Days thereafter), the Fiscal Agent shall notify Clearstream, Luxembourg and Euroclear whether (a) payment will be made of the Final Redemption Amount of the applicable Series of Covered Bonds in full on their Maturity Date or (b) the obligation to pay the Final Redemption Amount of the applicable Series of Covered Bonds on their Maturity Date shall be deferred until the Extended Maturity Date.
- 13.4 For the avoidance of doubt, a failure by the Issuer to make a notification under this Clause 13 shall not affect the validity or effectiveness of any extension of a Series of Covered Bonds under Condition 9.11 (*Extension of Maturity Date*).

#### **2.4 Modifications to the Final Terms**

- (a) The Issuer agrees that, on the date of this Agreement, it shall amend and restate the Final Terms of the Covered Bonds dated 16 September 2022 (the **Final Terms**).
- (b) The Registrar agrees that, on receipt from the Issuer on the date of this Agreement of the amended and restated Final Terms, in the form set out in Annex 2 to this Agreement (the **Amended and Restated Final Terms**), it shall replace the Final Terms scheduled to the Global Covered Bond with the Amended and Restated Final Terms.
- (c) From the date of this Agreement, the parties hereto agree that the Conditions shall be determined by reference to the Amended and Restated Final Terms.

### **3. GENERAL**

- 3.1 This Agreement supplements and should be read in conjunction with the Principal Agency Agreement in relation to the Covered Bonds only. The Agreed Modifications shall take effect from the date hereof in relation to the Covered Bonds only. Save for the modifications to the Principal Agency Agreement expressly provided herein, all terms and conditions of the Principal Agency Agreement shall, in relation to the Covered Bonds, remain in full force and effect. The Principal Agency Agreement and this Agreement shall, in relation to the Covered Bonds only, henceforth be read and construed together as one agreement, so that all references in the Principal Agency Agreement to this Agreement and the Agency Agreement are deemed to refer to the Principal Agency Agreement as supplemented by this Agreement, provided always that in the event of any inconsistency between the Principal Agency Agreement and this Agreement, the provisions of this Agreement shall prevail.
- 3.2 This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.
- 3.3 If any provision in or obligation under this Agreement is or becomes invalid, illegal or unenforceable in any respect under the law of any jurisdiction, that will not affect or impair (i) the validity, legality or enforceability under the law of that jurisdiction of any other provision in or obligation under this Agreement, and (ii) the validity, legality or enforceability under the law of any other jurisdiction of that or any other provision in or obligation under this Agreement.

#### **4. 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.

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

This Agreement and any non-contractual obligations arising out of or in connection with this Agreement shall be governed by, and construed in accordance with, English law. Clause 35 of the Principal Agency Agreement (as modified by this Agreement) shall apply to this Agreement as if expressly incorporated herein, *mutatis mutandis*.

## ANNEX 1

### TERMS AND CONDITIONS OF THE COVERED BONDS

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

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

- (a) in relation to any Covered Bonds represented by a global Covered Bond (a **Global Covered Bond**), units of each Specified Denomination in the Specified Currency; and
- (b) any Global Covered Bond; and
- (c) any definitive Covered Bonds in bearer form (**Bearer Covered Bonds**) issued in exchange for a Global Covered Bond in bearer form; and
- (d) any definitive Covered Bonds in registered form (**Registered Covered Bonds**) (whether or not issued in exchange for a Global Covered Bond in registered form); and
- (e) any Covered Bonds issued in uncertificated book entry form cleared through the CSD (the **CSD Covered Bonds**). CSD Covered Bonds are in dematerialised form.

Any references in these Terms and Conditions (the **Conditions**) to Receipts, Coupons and Talons shall not apply to Registered Covered Bonds and CSD Covered Bonds and no global or definitive Covered Bonds will be issued in respect of CSD Covered Bonds.

In the case of Covered Bonds other than CSD Covered Bonds, the Covered Bonds and the Coupons (as defined below) have the benefit of an Amended and Restated Agency Agreement dated 6 September 2022 (such Amended and Restated Agency Agreement as supplemented by a supplemental agency agreement dated 11 July 2023 (the **Supplemental Agency Agreement**) and as further amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) and made between the Issuer and Citibank, N.A., London Branch in its capacity as fiscal agent, paying agent and transfer agent (the **Fiscal Agent, Paying Agent and Transfer Agent** respectively which expressions shall include any successor fiscal agent, paying agent and transfer agent (as applicable), each as appointed in accordance with the Agency Agreement) and Citibank Europe plc in its capacity as registrar (the **Registrar**, which expression shall include any successor registrar appointed in accordance with the Agency Agreement). In relation to the CSD Covered Bonds, Íslandsbanki hf. will act as the CSD system account manager (the **CSD Agent**, which expression shall include any additional agent appointed by the Issuer from time to time in relation to the CSD Covered Bonds). The Fiscal Agent, the Paying Agent, the Transfer Agent, the Registrar and the CSD Agent are together referred to as the **Agents**.

The final terms for this Covered Bond (or the relevant provisions thereof), as set out in Part A of the Final Terms which are (except in the case of CSD Covered Bonds) attached to or endorsed on this Covered Bond and complete (or in the case of an Exempt Covered Bond, modify and complete) the Conditions for the purposes of this Covered Bond. The Final Terms (or such relevant provisions thereof) must be read in conjunction with these Terms and Conditions may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Terms and Conditions, replace or modify the Terms and Conditions for the purposes of this Covered Bond.

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

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

As used herein, **Tranche** means Covered Bonds which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Covered Bondholders (except in the case of CSD Covered Bonds), the Receiptholders and the Couponholders are entitled to the benefit of the Deed of Covenant (subject to the terms of such Deed of Covenant) dated 8 April 2022 (such Deed of Covenant as amended and/or supplemented and/or restated from time to time, the **Deed of Covenant**) made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear and Clearstream, Luxembourg (each as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Agents.

Copies of the Final Terms will, in the case of Covered Bonds admitted to trading on the regulated market of Euronext Dublin, be published on the website of Euronext Dublin at <https://live.euronext.com/en/markets/dublin>. If the Covered Bonds are to be admitted to trading on any other regulated market in the European Economic Area (the **EEA**), the applicable Final Terms will be published in accordance with the rules and regulations of the relevant listing authority or stock exchange and otherwise in accordance with the Prospectus Regulation.

Copies of the applicable Final Terms are also available for viewing at the office of the Issuer at Hagasmári 3, 201 Kópavogur, Iceland and on the Issuer's website: <https://www.islandsbanki.is/en/landing/about/investor-relations>. Copies may be obtained from the Issuer. In the case of Covered Bonds that are not admitted to trading on a regulated market in the EEA in circumstances requiring publication of a prospectus in accordance with the Prospectus Regulation, copies of the Final Terms will only be available on request to the Issuer for inspection by a Covered Bondholder in respect of such Covered Bonds.

The Covered Bondholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

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

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

## 1. DEFINITIONS AND ABBREVIATIONS

Interpretation: In these Conditions:

- (a) Covered Bonds and Covered Bondholder shall be deemed to include references to Coupons and Couponholders, respectively, where relevant;
- (b) If Talons are specified in the relevant Final Terms as being attached to the Covered Bonds at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (c) If Talons are not specified in the relevant Final Terms as being attached to the Covered Bonds at the time of issue, references to Talons are not applicable;
- (d) Any reference to principal shall be deemed to include Final Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 10 (Taxation), any premium payable in respect of a Covered Bond and any other amount in the nature of principal payable pursuant to these Conditions;
- (e) Any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 10 (Taxation) and any other amount in the nature of interest payable pursuant to these Conditions;
- (f) If an expression is stated in Condition 1 (Definitions and Abbreviations) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is “not applicable” then such expression is not applicable to Covered Bonds;
- (g) CSD Covered Bonds are in dematerialised form, and any references in these Terms and Conditions to Coupons and Talons shall not apply to CSD Covered Bonds and no global or definitive Covered Bonds will be issued in respect thereof; and
- (h) If the Covered Bonds are Zero Coupon Covered Bonds, references to Coupons and Couponholders are not applicable.

### *Definitions*

<b>Accrual Period</b>	The meaning given in Condition 7.8(c)(i).
<b>Accrual Yield</b>	In relation to a Zero Coupon Covered Bond, the meaning given in the applicable Final Terms.
<b>Act on Covered Bonds</b>	Icelandic Act on Covered Bonds, No. 11/2008, as amended.
<b>Additional Business Centre</b>	The meaning (if any) given in the applicable Final Terms.
<b>Additional Financial Centre</b>	The meaning (if any) given in the applicable Final Terms.
<b>Amortised Face Amount</b>	The meaning given in Condition 9.6(b).
<b>Annuity Amount</b>	The meaning given in Condition 8.1(a).

<b>Bankruptcy Act</b>	The Icelandic Act on Bankruptcy etc., No. 21/1991, as amended (Icelandic: <i>lög um gjaldþrotaskipti o.fl. nr. 21/1991</i> ).
<b>Base Prospectus</b>	This Base Prospectus dated 8 April 2022 or such base prospectus as is referenced in the applicable Final Terms of the relevant Series of Covered Bonds (in each case, as supplemented).
<b>BRRD</b>	EU Bank Recovery and Resolution Directive No. 59/2014 (as amended).
<b>Business Day</b>	The meaning given in Condition 7.8(a).
<b>Business Day Convention</b>	In respect of a Tranche of Covered Bonds, the business day convention specified in the applicable Final Terms and determined in accordance with Condition 7.8(b).
<b>Calculation Agent</b>	The meaning (if any) given in the applicable Final Terms.
<b>Clearstream, Luxembourg</b>	Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855, Luxembourg, or its successors.
<b>CPI</b>	The consumer price indexation, as calculated by Statistics Iceland in accordance with the Act on Price Indexation No. 12/1995 (Icelandic: <i>Lög um vísitölu neysluverðs nr. 12/1995</i> ) and published monthly in the Legal Gazette (Icelandic: <i>Lögbirtingablaðið</i> ) in Iceland.
<b>Cover Pool</b>	The pool of eligible assets recorded in the Register maintained by the Issuer in accordance with the Act on Covered Bonds.
<b>Cover Pool Member States</b>	A state which is a party to the Agreement on the European Economic Area or the European Free Trade Association Treaty, or the Faroe Islands.
<b>CRA Regulation</b>	Regulation (EC) No. 1060/2009 on Credit Rating Agencies (as amended).
<b>CRR</b>	EU regulation No. 575/2013 on prudential requirements for credit institutions and investment firms (amending Regulation (EU) No 648/2012).
<b>CSD</b>	Either Nasdaq CSD Iceland, with its registered office at Laugavegur 182, 105 Reykjavík, Iceland, or Verðbréfamíðstöð Íslands CSD, with its registered office at Fiskislóð 31 A, 101 Reykjavík, as specified in the applicable Final Terms.
<b>Dealer</b>	Any dealer appointed by the Issuer (if any).
<b>Designated Maturity</b>	The meaning given in the ISDA Definitions.
<b>Determination Date</b>	The meaning given in the applicable Final Terms.

<b>Determination Period</b>	The meaning given in Condition 7.8(d).
<b>Directors</b>	The directors for the time being of the Issuer as defined in the Icelandic Act No. 2/1995, on Limited Liability Companies (Icelandic: <i>lög um hlutafélög nr. 2/1995</i> ).
<b>Early Redemption Amount</b>	The amount calculated in accordance with Condition 9.6.
<b>EEA</b>	European Economic Area.
<b>Equal Payment Amount</b>	The meaning given in Condition 8.1(b).
<b>EU</b>	The European Union.
<b>EURIBOR</b>	Eurozone inter-bank offered rate.
<b>Euroclear</b>	Euroclear Bank SA/NV, 1, Boulevard du Roi Albert II B - 1210 Brussels, or its successor.
<b>Extended Maturity Date</b>	Means the date falling no later than thirty-six months from the Maturity Date of the Covered Bonds.
<b>Exempt Covered Bonds</b>	Means (i) unlisted Covered Bonds, (ii) Covered Bonds admitted to a market in the EEA other than a regulated market for the purposes of MiFID II and/or (iii) Covered Bonds listed on other stock exchanges or markets outside the EEA, in each case, in respect of which no prospectus is required to be published pursuant to Regulation (EU) 2017/1129 (as amended, the <b>Prospectus Regulation</b> )
<b>Final Redemption Amount</b>	The amount specified in the applicable Final Terms.
<b>Final Terms</b>	Each Tranche will be the subject to the Final Terms which, for the purposes of that Tranche only, completes the Terms and Conditions of the Covered Bonds and the Base Prospectus and must be read in conjunction with the Base Prospectus.
<b>Fixed Rate Covered Bonds</b>	Covered Bonds that pay a fixed rate of interest on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
<b>Floating Rate</b>	The meaning given in the ISDA Definitions.
<b>Floating Rate Convention</b>	The meaning given in Condition 7.8(b)(i).
<b>Floating Rate Covered Bonds</b>	Covered Bonds which bear interest at a rate determined: <ul style="list-style-type: none"> <li>(a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions;</li> </ul>

	<ul style="list-style-type: none"> <li>(b) or on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or</li> <li>(c) on such other basis as may be agreed between the Issuer and the relevant Dealer, or</li> <li>(d) as set out in the applicable Final Terms.</li> </ul>
<b>Following Business Day Convention</b>	The meaning given in Condition 7.8(b)(ii).
<b>FSA</b>	The Financial Supervisory Authority of the Central Bank of Iceland.
<b>Group</b>	The Issuer and its Subsidiaries.
<b>Inflation Linked Covered Bonds</b>	Inflation Linked Annuity Covered Bonds or Inflation Linked Equal Principal Payment Covered Bonds.
<b>Inflation Linked Annuity Covered Bonds</b>	Covered Bonds that pay an Annuity Amount on such date or dates as decided by the Issuer and set out in the Final Terms.
<b>Inflation Linked Equal Principal Payment Covered Bonds</b>	Covered Bonds that pay an Equal Payment Amount on such date or dates as decided by the Issuer and set out in the Final Terms.
<b>Instalment Amounts</b>	In respect of Instalment Covered Bonds, each amount specified as such in the applicable Final Terms.
<b>Instalment Covered Bonds</b>	Covered Bonds which will be redeemed in Instalment Amounts and on the Instalment Dates specified in the applicable Final Terms.
<b>Instalment Dates</b>	In respect of Instalment Covered Bonds, each date specified as such in the applicable Final Terms.
<b>Interest Amount</b>	The amount of interest payable on the Floating Rate Covered Bonds in respect of each Specified Denomination for the relevant Interest Period, as calculated in accordance with Condition 7.4(d) or the amount of interest payable on Inflation Linked Annuity Covered Bonds or Inflation Linked Equal Principal Payment Covered Bonds in respect of each Specified Denomination for the relevant Interest Period, as calculated in accordance with Conditions 7.1 and 7.2 respectively.
<b>Interest Commencement Date</b>	In the case of interest-bearing Covered Bonds, the date specified in the applicable Final Terms from (and including) which the relevant Covered Bonds will accrue interest
<b>Interest Determination Date</b>	In respect of Floating Rate Covered Bonds to which Screen Rate Determination is applicable, the meaning given in the applicable Final Terms.
<b>Interest Payment Date</b>	In respect of Fixed Rate Covered Bonds, Inflation Linked Annuity Covered Bonds and Inflation Linked Equal Principal Payment

	Covered Bonds, the meaning given in the applicable Final Terms and in respect of Floating Rate Covered Bonds the meaning given in Condition 7.4(a).
<b>Interest Period</b>	The meaning given in Condition 7.8(e).
<b>ISDA</b>	International Swaps and Derivatives Association, Inc.
<b>ISDA Definitions</b>	The meaning given in Condition 7.4(b).
<b>ISDA Determination</b>	If specified as applicable in the applicable Final Terms Document, the manner in which the Rate of Interest on Floating Rate Covered Bonds is to be determined in accordance with Condition 7.4.
<b>ISDA Rate</b>	The meaning given in Condition 7.4(b).
<b>ISK or Icelandic Krona or krónur</b>	The lawful currency of the Republic of Iceland.
<b>Issue Date</b>	Each date on which the Issuer issues a Tranche of Covered Bonds under the Programme, as specified in the applicable Final Terms.
<b>Issue Price</b>	The price, generally expressed as a percentage of the nominal amount of the Covered Bonds, at which a Tranche of Covered Bonds will be issued.
<b>Issuer</b>	Íslandsbanki hf., ID.No. 491008-0160 and LEI code 549300PZMFIQR79Q0T97, having its registered office at Hagasmári 3, 201 Kópavogur, Iceland.
<b>Issuer Call</b>	If specified as applicable in the applicable Final Terms, the provision by which the Issuer may redeem a Series of Covered Bonds in accordance with Condition 9.3.
<b>Margin</b>	As specified in the applicable Final Terms (if any).
<b>Maturity Date</b>	As specified in the applicable Final Terms.
<b>Maximum Rate of Interest</b>	In respect of a Floating Rate Covered Bond, the percentage rate per annum (if any) specified in the applicable Final Terms.
<b>Maximum Redemption Amount</b>	The amount specified as such in the applicable Final Terms.
<b>Member State</b>	A state which is a member of the European Economic Area.
<b>Minimum Rate of Interest</b>	In respect of Floating Rate Covered Bonds, the percentage rate per annum (if any) specified in the applicable Final Terms
<b>Minimum Redemption Amount</b>	The amount specified as such in the applicable Final Terms
<b>Modified Following Business Day Convention</b>	The meaning given in Condition 7.8(b)(iii).
<b>MiFID II</b>	Markets in Financial Instruments Directive 2014/65/EC, published in the Icelandic EEA Government Gazette (ice. Stjórnartíðindi).

<b>NIBOR</b>	The Norwegian inter-bank offered rate.
<b>Optional Redemption Amount</b>	The meaning (if any) given in the applicable Final Terms
<b>Optional Redemption Date</b>	The meaning (if any) given in the applicable Final Terms
<b>Overcollateralisation</b>	The certain percentage level by which the Value of the Cover Pool will exceed the nominal value of the liabilities, relating to the issued Covered Bonds, along with all accrued interests.
<b>Payment Day</b>	The meaning given in Condition 8.7.
<b>Preceding Business Day Convention</b>	The meaning given in Condition 7.8(b)(iv).
<b>Principal Amount Outstanding</b>	The meaning given in Condition 7.8(f).
<b>Programme</b>	€2,500,000,000 covered bond programme established by the Issuer (which is, as at the date of the Supplemental Agency Agreement, referred to as the €4,000,000,000 European Covered Bond (Premium) Programme of the Issuer). Any increases of the Programme shall be subject to the FSA confirmation.
<b>Rate of Interest</b>	In respect of a Series of interest-bearing Covered Bonds, the rate of interest payable from time to time in respect of such Covered Bonds determined in accordance with the Terms and Conditions and the applicable Final Terms.
<b>Redeemed Covered Bonds</b>	The meaning given in Condition 9.3.
<b>Reference Price</b>	In respect of a Zero Coupon Covered Bond, the meaning given in the applicable Final Terms.
<b>Reference Rate</b>	In respect of Floating Rate Covered Bonds to which Screen Rate Determination applies, the meaning given in the applicable Final Terms.
<b>Relevant Subsidiary</b>	Means any Subsidiary other than (i) a Subsidiary acquired, formed or operated in relation to the merger and acquisitions services provided to a customer of the Issuer for the purpose of completing a transaction or restructuring a company or (ii) any Subsidiary acquired or formed as a result of the Issuer's foreclosure activities in relation to its general banking business.
<b>Registrar</b>	Any registrar appointed in accordance with the Agency Agreement.
<b>Register</b>	Has the meaning given to it in the Act on Covered Bonds.
<b>Regulation S</b>	Regulation S under the US Securities Act.
<b>REIBOR</b>	Reykjavík inter-bank offered rate.
<b>Relevant Screen Page</b>	In respect of Floating Rate Covered Bonds to which Screen Rate

	Determination applies, the screen page specified in the applicable Final Terms or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate.
<b>Screen Rate Determination</b>	If specified as applicable in the applicable Final Terms, the manner in which the Rate of Interest on Floating Rate Covered Bonds is to be determined in accordance with Condition 7.4(b).
<b>Security Interest</b>	The meaning given in Condition 5.1.
<b>Selection Date</b>	The meaning given in Condition 9.3.
<b>Series</b>	A Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.
<b>Specified Currency</b>	Subject to any applicable legal or regulatory restrictions including the rules on foreign exchange issued by the Central Bank of Iceland (the <b>Central Bank</b> ), any currency agreed between the Issuer and the relevant Dealer including but not limited to U.S. Dollars, Euro, Sterling, Japanese Yen, Danish Krone, Norwegian Krone, Swedish Krona, and Icelandic Krona and specified in the applicable Final Terms.
<b>Specified Denomination</b>	In respect of a Series of Covered Bonds, the denomination or denominations of such Covered Bonds as specified in the applicable Final Terms.
<b>Specified Interest Payment Date</b>	In respect of Floating Rate Covered Bonds, the meaning (if any) given in the applicable Final Terms.
<b>STIBOR</b>	The Stockholm inter-bank offered rate.
<b>Subsidiary</b>	Means an entity from time to time of which the Issuer (a) has direct or indirect control or (b) owns directly or indirectly more than 50 per cent of the share capital or similar ownership; "control" for this purpose means the power to direct the management and the policies of the entity, whether through the ownership of voting capital, by contract or otherwise.
<b>sub-unit</b>	The meaning given in Condition 7.8(g).
<b>TARGET2 System</b>	The meaning given in Condition 7.8(a).
<b>Temporary Bearer Global Covered Bond</b>	The temporary global covered bond in bearer form which will initially represent the Bearer Covered Bonds of each Tranche.

<b>Terms and Conditions or Conditions</b>	The terms and conditions of the Covered Bonds.
<b>US Securities Act</b>	U.S. Securities Act of 1933, as amended.
<b>Value</b>	The nominal par value of the Cover Pool along with all accrued interest (but excluding the nominal par value of each mortgage within the Cover Pool which is in arrears for 90 days or longer at the relevant time).
<b>Yen or JPY</b>	The lawful currency for the time being of Japan
<b>Zero Coupon Covered Bonds</b>	Covered Bonds which will be offered and sold at a discount to their nominal amount and which will not bear interest
<b>€, Euro or euro</b>	The currency introduced at the start of the third stage of European economic monetary union pursuant to the Treaty
<b>€STR</b>	Euro Short-Term Rate
<b>£ or Sterling</b>	The lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland
<b>\$, U.S.\$ or U.S. Dollars or US Dollars</b>	The lawful currency for the time being of the United States of America

## **2. FORM, DENOMINATION AND TITLE**

### **2.1 Form and denomination**

The Covered Bonds are either (i) in bearer form, (ii) in registered form as specified in the applicable Final Terms or (iii) in the case of CSD Covered Bonds, uncertificated book entry form, as specified in the applicable Final Terms and, in the case of definitive Covered Bonds, serially numbered, in the Specified Currency and the Specified Denomination(s). The Covered Bonds are in Specified Currency and the Specified Denomination(s). Covered Bonds of one Specified Denomination may not be exchanged for Covered Bonds of another Specified Denomination. CSD Covered Bonds may not be exchanged for Bearer Covered Bonds or Registered Covered Bonds and *vice versa*.

The Covered Bonds may be an Inflation Linked Annuity Covered Bond, an Inflation Linked Equal Principal Payment Covered Bond, a Fixed Rate Covered Bond, a Floating Rate Covered Bond, a Zero Coupon Covered Bond or a combination of any of the foregoing, depending upon the Interest Basis and Redemption/Payment Basis shown in the applicable Final Terms.

Interest bearing definitive Bearer Covered Bonds have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Covered Bonds repayable in instalments have receipts (**Receipts**) for the payment of the instalments of principal (other than the final instalment) attached on issue.

## 2.2 Title

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

For so long as any of the Covered Bonds is represented by a Global Covered Bond held on behalf of Euroclear and/or Clearstream, Luxembourg or so long as any of the Covered Bonds is an CSD Covered Bond each person (other than Euroclear, Clearstream, Luxembourg or the CSD) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg or the CSD, as the case may be, as the holder of a particular nominal amount of such Covered Bonds (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg or the CSD, as the case may be, as to the nominal amount of such Covered Bonds standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the relevant Agents as the holder of such nominal amount of such Covered Bonds for all purposes other than (in the case only of Covered Bonds not being CSD Covered Bonds) with respect to the payment of principal or interest on such nominal amount of such Covered Bonds, for which purpose, in the case of Covered Bonds represented by a bearer Global Covered Bond, the bearer of the relevant Global Covered Bond, or, in the case of Covered Bonds represented by Registered Global Covered Bonds, the registered holder shall be treated by the Issuer and any Agent as the holder of such nominal amount of such Covered Bonds in accordance with and subject to the terms of the relevant Global Covered Bond and the expressions **Covered Bondholder** and **holder of Covered Bonds** and related expressions shall be construed accordingly. Covered Bonds which are represented by a Global Covered Bond will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be.

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

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

## 3. TRANSFERS OF REGISTERED COVERED BONDS

### 3.1 Transfers of interests in Registered Global Covered Bonds

Transfers of beneficial interests in Registered Global Covered Bonds will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Registered Global Covered Bonds will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for

Covered Bonds in definitive form or for a beneficial interest in another Registered Global Covered Bonds only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement.

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

Subject as provided in Conditions 3.3 and 3.5 below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Covered Bond in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Covered Bond for registration of the transfer of the Registered Covered Bond (or the relevant part of the Registered Covered Bond) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 6 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within three Business Days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Covered Bond in definitive form of a like aggregate nominal amount to the Registered Covered Bond (or the relevant part of the Registered Covered Bond) transferred. In the case of the transfer of part only of a Registered Covered Bond in definitive form, a new Registered Covered Bond in definitive form in respect of the balance of the Registered Covered Bond not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

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

In the event of a partial redemption of Covered Bond under Condition 9, the Issuer shall not be required to register the transfer of any Registered Covered Bond, or part of a Registered Covered Bond, called for partial redemption.

### **3.4 Costs of registration**

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

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

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

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

The Covered Bonds and any related Receipts and Coupons constitute direct, unconditional and unsubordinated obligations of the Issuer and rank pari passu among themselves and with all other outstanding unsubordinated obligations of the Issuer that have been provided equivalent priority of claim to Covered Bonds issued in accordance with the terms of the Act on Covered Bonds .

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

## **5. ISSUER COVENANTS**

### **5.1 Negative Pledge**

In accordance with the Act on Covered Bonds, cf. Article 12(4), the Issuer undertakes, so long as any of the Covered Bonds, (if applicable) Receipts or Coupons remain outstanding, that it will not, and that it will procure that none of its Relevant Subsidiaries will, create or have outstanding any mortgage, charge, pledge, lien or other security interest (each a **Security Interest**) over the mortgages or other assets in the Cover Pool, other than any lien arising by operation of law (if any).

### **5.2 Maintenance of the Cover Pool**

For so long as the Covered Bonds are outstanding, the value of the Cover Pool will not at any time be less than the total aggregate outstanding principal amount of all Covered Bonds plus an Overcollateralisation of at least the higher of (i) 5 per cent. and (ii) such percentage as required under the Act on Covered Bonds and/or the Rules on Covered Bonds from time to time.

### **5.3 Composition of the Cover Pool**

For so long as any of the Covered Bonds are outstanding the Issuer shall ensure that the Cover Pool maintained or to be maintained by the Issuer shall at all times comply with the requirements of the Act on Covered Bonds.

For so long as any of the Covered Bonds are outstanding the Issuer covenants that no Mortgages in commercial real estate will be contained in the Cover Pool.

### **5.4 Interest Cover**

The amounts of interest received by the Issuer in respect of the Cover Pool and under the related derivative contracts entered into by the Issuer shall be at least equal to or exceed the amounts payable by the Issuer under the Covered Bonds and the related derivative contracts entered into by the Issuer.

## **6. [NOT USED]**

## **7. INTEREST**

### **7.1 Interest on Inflation Linked Annuity Covered Bonds**

Each Inflation Linked Annuity Covered Bond bears interest on its nominal amount outstanding from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of

Interest. Interest shall be calculated as defined under Interest Payment(s) in the applicable Final Terms and rounding the resultant figure to the nearest amount in the Specified Currency. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If interest is required to be calculated for a period other than an Interest Period, such interest shall be calculated by using the same methodology as described for Interest Payment(s) in the applicable Final Terms.

## **7.2 Interest on Inflation Linked Equal Principal Payment Covered Bonds**

Each Inflation Linked Equal Principal Payment Bond bears interest on its Principal Amount Outstanding from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest shall be calculated as defined under Interest Payment(s) in the applicable Final Terms and rounding the resultant figure to the nearest amount in the Specified Currency. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If interest is required to be calculated for a period other than an Interest Period, such interest shall be calculated by using the same methodology as described for Interest Payment(s) in the applicable Final Terms.

## **7.3 Interest on Fixed Rate Covered Bonds**

Each Fixed Rate Covered Bond bears interest on its Principal Amount Outstanding from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest.

Interest shall be calculated as defined under Interest Payment(s) in the applicable Final Terms and rounding the resultant figure to the nearest amount in the Specified Currency. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

The Issuer will calculate the amount of interest (each an **Interest Amount**) payable on the Fixed Rate Covered Bonds in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

If interest is required to be calculated for a period other than an Interest Period, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

## **7.4 Interest on Floating Rate Covered Bonds**

### **(a) Interest Payment Dates**

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

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

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

**(b) Rate of Interest**

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

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

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

- (i) the Floating Rate Option is as specified in the applicable Final Terms;
- (ii) the Designated Maturity (if applicable) is the period specified in the applicable Final Terms;
- (iii) unless otherwise stated in the applicable Final Terms, the relevant Reset Date is the first day of that Interest Period;
- (iv) if the Floating Rate Option is an Overnight Floating Rate Option and Compounding Method is specified in the applicable Final Terms, the Overnight Rate Compounding Method will be one of the following as specified in the applicable Final Terms:
  - (A) Compounding with Lookback;
  - (B) Compounding with Observation Period Shift; or
  - (C) Compounding with Lockout; and

- (v) if the Floating Rate Option is an Overnight Floating Rate Option and Averaging is specified in the applicable Final Terms, the Overnight Rate Averaging Method will be one of the following, as specified in the applicable Final Terms:
  - (D) Averaging with Lookback;
  - (E) Averaging with Observation Period Shift; or
  - (F) Averaging with Lockout; and
- (vi) if the Floating Rate Option is a Compounded Index Floating Rate Option, the Index Method will be Compounded Index Method with Observation Period Shift as specified in the applicable Final Terms.

In connection with the Overnight Rate Compounding Method, references in the ISDA Definitions to numbers or other items specified in the relevant confirmation shall, unless expressly provided for above, be deemed to be references to the numbers or other items specified for such purpose in the applicable Final Terms.

The ISDA Definitions contain provisions for determining the applicable Floating Rate (as defined below) (including Supplement 70 to the 2006 ISDA Definitions and Section 9 of the 2021 ISDA Definitions (Bespoke Triggers and Fallbacks)) in the event that the specified Floating Rate is not available and such provisions shall, unless otherwise specified in the applicable Final Terms, apply to Floating Rate Covered Bonds as if incorporated in these Conditions.

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

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

**(ii) *Screen Rate Determination for Floating Rate Covered Bonds where the Reference Rate is other than €STR***

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

- (i) the offered quotation (if there is only one quotation on the Relevant Screen Page); or
- (ii) if there is more than one quotation on the Relevant Screen Page, the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at the Relevant Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as

determined by the Issuer (or, in the case of CSD Covered Bonds, the CSD Agent). If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Issuer or the CSD Agent (as applicable) for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

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

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

Where:

**Reference Banks** means, in the case of a determination of EURIBOR, the principal Eurozone office of four major banks in the Eurozone inter-bank market; and, in the case of a determination of a Reference Rate that is not EURIBOR, the principal office in the Relevant Financial Centre of four major banks in the inter-bank market of the Relevant Financial Centre, in each case selected by the Issuer.

**Reference Rate** shall mean (i) the Eurozone interbank offered rate (**EURIBOR**), (ii) the Reykjavík interbank offered rate (**REIBOR**), (iii) the Norwegian interbank offered rate (**NIBOR**), (iv) the Stockholm interbank offered rate (**STIBOR**) or (v) in the case of Exempt Covered Bonds, such other interbank offered rate or reference rate as specified in the applicable Final Terms, in each case for the relevant period, as specified in the applicable Final Terms, subject as provided in Condition 7.5.

**Relevant Financial Centre** shall mean (i) Brussels, in the case of a determination of EURIBOR, (ii) Reykjavík, in the case of a determination of REIBOR, (iii) Oslo, in the case of a determination of NIBOR, (iv) Stockholm in the case of a determination of STIBOR, as specified in the applicable Final Terms or (iv) in the case of Exempt Covered Bonds, such other principal financial centre as is specified in the applicable Final Terms.

**Relevant Screen Page** shall mean the screen page specified in the applicable Final Terms or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate.

**Relevant Time** shall mean the time specified in the applicable Final Terms.

**(iii) *Screen Rate Determination for Floating Rate Covered Bonds where the Reference Rate is €STR***

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and the Reference Rate specified in the relevant Final Terms is €STR:

- (A) where the Calculation Method in respect of the relevant Series of Covered Bonds is specified in the relevant Final Terms as being "Compounded Daily", the Rate of Interest applicable to the Covered Bonds for each Interest Period will (subject to this Condition 7.4(b)(iii) (*Screen Rate Determination for Floating Rate Covered Bonds where the Reference Rate is €STR*) and Condition 7.4(c) (*Minimum Rate of Interest and/or Maximum Rate of Interest*) and subject as provided below) be Compounded Daily €STR plus or minus (as indicated in the relevant Final Terms) the Margin, all as determined by the Fiscal Agent on the Interest Determination Date and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards; and
- (B) where the Calculation Method in respect of the relevant Series of Covered Bonds is specified in the relevant Final Terms as being "Weighted Average", the Rate of Interest applicable to the Covered Bonds for each Interest Period will (subject to this Condition 7.4(b)(iii) (*Screen Rate Determination for Floating Rate Covered Bonds where the Reference Rate is €STR*) and Condition 7.4(c) (*Minimum Rate of Interest and/or Maximum Rate of Interest*) and subject as provided below) be the Weighted Average Reference Rate plus or minus (as indicated in the relevant Final Terms) the Margin all as determined by the Fiscal Agent on

the Interest Determination Date and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards.

If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined and the Reference Rate specified in the relevant Final Terms is €STR then, subject to Condition 7.5 and unless the Issuer determines that both an €STR Index Cessation Event and €STR Index Cessation Effective Date have occurred (as to which, see below), if, in respect of any Business Day the Fiscal Agent determines that the Reference Rate does not appear on the Relevant Screen Page, such Reference Rate shall be a rate equal to €STR in respect of the first preceding Business Day on which the €STR was published on the ECB's Website (and "r" shall be interpreted accordingly).

If the Issuer determines that further to foregoing both an €STR Index Cessation Event and an €STR Index Cessation Effective Date have occurred, the rate for each Business Day in the relevant Interest Period occurring on or after such €STR Index Cessation Effective Date will be determined as if references to "€STR" were references to the rate (inclusive of any spreads or adjustments) that was recommended as the replacement for €STR by the European Central Bank (or any successor administrator of €STR) and/or by a committee officially endorsed or convened by (i) the European Central Bank (or any successor administrator of €STR) and/or (ii) the European Securities and Markets Authority, in each case for the purpose of recommending a replacement for €STR (which rate may be produced by the European Central Bank or another administrator) and as provided by the administrator of that rate or, if that rate is not provided by the administrator thereof (or a successor administrator), published by an authorised distributor (the **ECB Recommended Rate**), provided that, if no such rate has been recommended before the end of the first Business Day following the €STR Index Cessation Effective Date, then the rate for each Business Day in the relevant Interest Period occurring on or after such €STR Index Cessation Effective Date will be determined as if references to €STR were references to the Eurosystem Deposit Facility Rate, the rate on the deposit facility that banks may use to make overnight deposits with the Eurosystem, as published on the European Central Bank's Website (the **EDFR**) on such Business Day plus the arithmetic mean of the daily difference between the €STR and the EDFR over an observation period of 30 Business Days starting 30 Business Days prior to the day on which the €STR Index Cessation Event occurs and ending on the Business Day immediately preceding the day on which the €STR Index Cessation Event occurs (the **EDFR Spread**); provided further that, if both an ECB Recommended Rate Index Cessation Event and an ECB Recommended Rate Index Cessation Effective Date subsequently occur, then the rate for each Business Day in the relevant Interest Period occurring on or after that ECB Recommended Rate Index Cessation Effective Date will be determined as if references to "€STR" were references to the EDFR on such Business Day plus the arithmetic mean of the daily difference between the ECB Recommended Rate and the EDFR over an observation period of 30 Business Days starting 30 Business Days prior to the day on which the ECB Recommended Rate Index Cessation Event occurs and ending on the Business Day immediately preceding the day on which the ECB Recommended Rate Index Cessation Event occurs.

In the event that the Rate of Interest for the relevant Interest Period cannot be determined in accordance with the foregoing provisions by the Fiscal Agent, subject to Condition 7.5), the Rate of Interest for such Interest Period shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest (as specified in the relevant Final Terms) is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period) or (ii) if there is no such preceding Interest Determination Date, determined as if references to €STR for each Business Day in the relevant Interest Period occurring on or after the €STR Index Cessation Effective Date were references to the latest published ECB Recommended Rate or, if the EDFR is published on a later

date than the latest published ECB Recommended Rate, the latest published EDFR plus the EDFR Spread (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Period).

If a €STR Index Cessation Event occurs, the Issuer will promptly notify the Fiscal Agent of such occurrence.

If the Covered Bonds become due and payable in accordance with Condition 9, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the relevant Final Terms, be deemed to be the date on which the Covered Bonds became due and payable with corresponding adjustments being deemed to be made to the Compounded Daily €STR formula) and the Rate of Interest on the Covered Bonds shall, for so long as any such Covered Bonds remain outstanding, be the Rate of Interest determined on such date.

For the purposes of this Condition 7.4(b)(iii):

**Applicable Period** means:

- (a) where "Lag" or "Lock-Out" is specified as the Observation Method in the relevant Final Terms, the Interest Period; and
- (b) where "Observation Shift" is specified as the Observation Method in the relevant Final Terms, the Observation Period;

**Compounded Daily €STR** means, with respect to an Interest Period, the rate of return of a daily compound interest investment (with the daily euro short-term rate as the reference rate of the calculation of interest) and will be calculated by the Fiscal Agent as at the relevant Interest Determination Date as follows, and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{r_i - p_{BD} \times n_i}{D} \right) - 1 \right] \times \frac{D}{d}$$

**D** is the number specified in the relevant Final Terms;

**d** means, for the relevant Applicable Period, (i) where "Lag" or "Lock-Out" is specified in the relevant Final Terms as the Observation Method, the number of calendar days in the relevant Applicable Period and (ii) where "Observation Shift" is specified in the relevant Final Terms as the Observation Method, the number of calendar days in the relevant Observation Period;

**d<sub>o</sub>** means, for the relevant Applicable Period, (i) where "Lag" or "Lock-Out" is specified in the relevant Final Terms as the Observation Method, the number of Business Days in the relevant Applicable Period and (ii) where "Observation Shift" is specified in the relevant Final Terms as the Observation Method, for any Observation Period, the number of Business Days in the relevant Observation Period;

**€STR** means, in respect of any Business Day, a reference rate equal to the daily euro short-term rate for such euro Business Day as provided by the European Central Bank, as administrator of such rate (or any successor administrator of such rate), on the website of the European Central Bank currently at <http://www.ecb.europa.eu>, or any successor website officially designated by the European Central

Bank (the **ECB's Website**) in each case, on or before 9.00 a.m. (Central European Time) on the euro Business Day immediately following such Business Day;

**€STR Index Cessation Event** means the occurrence of one or more of the following events:

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

**€STR Index Cessation Effective Date** means, in respect of €STR and an €STR Index Cessation Event, the first date on which €STR would ordinarily have been provided and is no longer provided;

**ECB Recommended Rate Index Cessation Event** means the occurrence of one or more of the following events:

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

**ECB Recommended Rate Index Cessation Effective Date** means, in respect of an ECB Recommended Rate Index Cessation Event, the first date on which the ECB Recommended Rate would ordinarily have been provided and is no longer provided;

**i** means, for the relevant Applicable Period, a series of whole numbers from one to  $d_o$ , each representing the relevant Business Day in chronological order from, and including, the first Business Day (i) where "Lag" or "Lock-Out" is specified in the relevant Final Terms as the Observation Method, in such Applicable Period and (ii) where "Observation Shift" is specified in the relevant Final Terms as the Observation Method, in the relevant Observation Period;

**Lock-Out Period** means the period from, and including, the day following the Interest Determination Date to, but excluding, the corresponding Interest Payment Date;

**n<sub>i</sub>**, for any Business Day "i" in the Applicable Period, means the number of calendar days from, and including, such Business Day "i" up to but excluding the following Business Day;

**Observation Period** means, in respect of the relevant Interest Period, the period from, and including, the date falling "p" Business Days prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) to, but excluding, the date which is "p" Business Days prior to the Interest Payment Date for such Interest Period;

**p** means, for any Interest Period:

- (a) where "Lag" is specified as the Observation Method in the relevant Final Terms, the number of Business Days included in the Observation Look-back Period specified in the relevant Final Terms (or, if no such number is specified, five Business Days);
- (b) where "Lock-Out" or "Observation Shift" is specified as the Observation Method in the relevant Final Terms, zero;

**r** means:

- (a) where in the relevant Final Terms either "Lag" or "Observation Shift" is specified as the Observation Method, in respect of any Business Day, the €STR in respect of such Business Day;
- (b) where in the relevant Final Terms "Lock-Out" is specified as the Observation Method:
  - (i) in respect of any Business Day "i" that is a Reference Day, the €STR in respect of the Business Day immediately preceding such Reference Day; and
  - (ii) in respect of any Business Day "i" that is not a Reference Day (being a Business Day in the Lock-Out Period), the €STR in respect of the Business Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the Interest Determination Date);

**Reference Day** means each Business Day in the relevant Interest Period, other than any Business Day in the Lock-Out Period;

**r<sub>i-pBD</sub>** means the applicable Reference Rate as set out in the definition of "r" above for (i) where, in the relevant Final Terms, "Lag" is specified as the Observation Method, any Business Day (being a Business Day falling in the relevant Observation Period) falling "p" Business Days prior to the relevant Business Day "i" or, (ii) where "Lock-Out" or "Observation Shift" is specified in the relevant Final Terms as the Observation Method, the relevant Business Day "i";

**Weighted Average Reference Rate** means:

- (a) where "Lag" is specified as the Observation Method in the relevant Final Terms, the arithmetic mean of the Reference Rate in effect for each calendar day during the relevant Observation Period, calculated by multiplying each relevant Reference Rate by the number of calendar days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Observation Period. For these purposes the Reference Rate in effect for any calendar day which is not a Business Day shall

be deemed to be the Reference Rate in effect for the Business Day immediately preceding such calendar day; and

(b) where "Lock-Out" is specified as the Observation Method in the relevant Final Terms, the arithmetic mean of the Reference Rate in effect for each calendar day during the relevant Interest Period, calculated by multiplying each relevant Reference Rate by the number of calendar days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Interest Period, provided however that, for any calendar day of such Interest Period falling in the Lock-Out Period, the relevant Reference Rate for each day during that Lock-Out Period will be deemed to be the Reference Rate in effect for the Reference Day immediately preceding the first day of such Lock-Out Period. For these purposes the Reference Rate in effect for any calendar day which is not a Business Day shall, subject to the proviso above, be deemed to be the Reference Rate in effect for the Business Day immediately preceding such calendar day.

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

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

If the applicable Final Terms for a Floating Rate Covered Bond specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 7.4(b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest, which may not be less than zero.

If the applicable Final Terms for a Floating Rate Covered Bond specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 7.4(b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

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

The Fiscal Agent (in the case of Covered Bonds other than CSD Covered Bonds, Inflation Linked Annuity Covered Bonds and Inflation Linked Equal Principal Payment Covered Bonds) will at, or as soon as practicable after, each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period (and the Rate of Interest in the case of CSD Covered Bonds, Inflation Linked Annuity Covered Bonds and Inflation Linked Equal Principal Payment Covered Bonds will be determined by the Issuer).

The Fiscal Agent (in the case of Covered Bonds other than CSD Covered Bonds, Inflation Linked Annuity Covered Bond and Inflation Linked Equal Principal Payment Covered Bonds), or the Issuer (in the case of CSD Covered Bonds, Inflation Linked Annuity Covered Bonds and Inflation Linked Equal Principal Payment Covered Bonds) will calculate the amount of interest (each an **Interest Amount**) payable on the Floating Rate Covered Bonds, in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

**(e) Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 7.4, shall (in the absence of wilful default, bad faith or manifest error as aforesaid) be binding on the Issuer and all Covered Bondholders, Receiptholders and Couponholders.

**7.5 Reference Rate Replacement**

If the Covered Bonds are Floating Rate Covered Bonds and Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, then the provisions of this Condition 7.5 shall apply.

Notwithstanding the provisions of Condition 7.4, if the Issuer determines that a Benchmark Event has occurred when any Rate of Interest (or any component thereof) remains to be determined by reference to the Original Reference Rate, then the following provisions shall apply:

(i) the Issuer shall use reasonable endeavours to appoint and consult with an Independent Adviser with a view to the Issuer determining:

- (A) a Successor Reference Rate; or
- (B) failing which, an Alternative Reference Rate,

and, in each case, an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) no later than the relevant IA Determination Cut-off Date, for the purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Covered Bonds for such next Interest Period and for all other future Interest Periods (subject to the subsequent operation of this Condition 7.5 during any other future Interest Period(s));

(ii) if a Successor Reference Rate or, failing which, an Alternative Reference Rate (as applicable) is determined by the Issuer in accordance with this Condition 7.5:

(A) such Successor Reference Rate or Alternative Reference Rate (as applicable) shall be the Original Reference Rate for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 7.5);

(B) if the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner:

(x) determines that an Adjustment Spread is required to be applied to the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 7.5); or

(y) is unable to determine the quantum of, or a formula or methodology for determining, an Adjustment Spread, then the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) will apply without an

Adjustment Spread for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 7.5); and

(C) the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner may in its discretion specify:

- (x) other changes to these Conditions which it determines are reasonably necessary in order to follow market practice in relation to the relevant Successor Reference Rate or Alternative Reference Rate and/or any Adjustment Spread (as applicable), including, but not limited to, (1) the Additional Business Centre(s), Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Reference Banks, Relevant Financial Centre, Relevant Screen Page, Relevant Time (as applicable) applicable to the Covered Bonds and (2) the method for determining the fallback to the Rate of Interest in relation to the Covered Bonds if such Successor Reference Rate or Alternative Reference Rate (as applicable) is not available; and
- (y) any other changes which the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines are reasonably necessary to ensure the proper operation and comparability to the Original Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable),

which changes shall apply to the Covered Bonds for all future Interest Periods (subject to the subsequent operation of this Condition 7.5); and

(D) promptly following the determination of (x) any Successor Reference Rate or Alternative Reference Rate (as applicable) and (y) if applicable, any Adjustment Spread, the Issuer shall give notice thereof and of any changes (and the effective date thereof) pursuant to Condition 7.5(ii)(C) to the Fiscal Agent (in the case of Covered Bonds other than CSD Covered Bonds, Inflation Linked Annuity Covered Bonds and Inflation Linked Equal Principal Payment Covered Bonds) and, in all cases, to each stock exchange or other relevant authority on which the Covered Bonds are for the time being listed or by which they have been admitted to listing and to the Covered Bondholders in accordance with Condition 15 (Notices).

No consent of the Covered Bondholders shall be required in connection with effecting the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) described in this Condition 7.5 or such other relevant changes pursuant to Condition 7.5(ii), including for the execution of any documents or the taking of other steps by the Issuer or any of the parties to the Agency Agreement.

For the avoidance of doubt, if a Successor Reference Rate or an Alternative Reference Rate is not determined pursuant to the operation of this Condition 7.5 prior to the relevant IA Determination Cut-off Date, then the Rate of Interest for the next Interest Period shall be determined by reference to the fallback provisions of Condition 7.4(b).

An Independent Adviser appointed pursuant to this Condition 7.5 shall act in good faith and in a commercially reasonable manner and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Paying Agents, the Covered Bondholders or the Couponholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 7.5.

For the purposes of the Conditions:

**Adjustment Spread** means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines is required to be applied to the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) and is the spread, formula or methodology which:

- (i) in the case of a Successor Reference Rate, is formally recommended in relation to the replacement of the Original Reference Rate with such Successor Reference Rate by any Relevant Nominating Body; or
- (ii) in the case of a Successor Reference Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Original Reference Rate, where such rate has been replaced by such Successor Reference Rate or the Alternative Reference Rate (as applicable); or
- (iii) if neither (i) nor (ii) above applies, the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner determines to be appropriate;

**Alternative Reference Rate** means an alternative benchmark or screen rate that the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the component part thereof) in respect of debt securities denominated in the Specified Currency and of a comparable duration, in the case of Floating Rate Covered Bonds, to the relevant Interest Periods, or, if the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines that there is no such rate, such other rate as it determines in its discretion is most comparable to the Original Reference Rate;

**Benchmark Event** means:

- (i) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist or be published; or
- (ii) the making of a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or

- (iv) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will be prohibited from being used either generally or in respect of the Covered Bonds; or
- (v) the making of a public statement by the supervisor or the administrator of the Original Reference Rate that the Original Reference Rate is or will be (or is deemed by such supervisor to be) no longer representative of its relevant underlying market; or
- (vi) it has become unlawful for the Fiscal Agent (in the case of Covered Bonds other than CSD Covered Bonds, Inflation Linked Annuity Covered Bonds and Inflation Linked Equal Principal Payment Covered Bonds) or the Issuer (in the case of CSD Covered Bonds, Inflation Linked Annuity Covered Bonds and Inflation Linked Equal Principal Payment Covered Bonds) or any Calculation Agent (as specified in the relevant Final Terms) or any of the parties to the Agency Agreement to calculate any payments due to be made to any Covered Bondholder using the Original Reference Rate (including, without limitation, under Regulation (EU) 2016/1011 (as amended from time to time), if applicable);

provided that the Benchmark Event shall be deemed to occur (a) in the case of paragraphs (ii) and (iii) above, on the date of the cessation of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of (iv) above, on the date of prohibition of use of the Original Reference Rate and (c) in the case of paragraph (v) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the public statement, and, in each case, not the date of the relevant public statement.

**IA Determination Cut-off Date** means the date that is no later than five Business Days prior to the Interest Determination Date relating to the immediately following Interest Period;

**Independent Adviser** means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense;

**Original Reference Rate** means:

- (i) the benchmark or screen rate (as applicable) originally specified for the purpose of determining the relevant Rate of Interest (or any relevant component part(s) thereof) of the Covered Bonds; or
- (ii) any Successor Reference Rate or Alternative Reference Rate which has been determined in relation to such benchmark or screen rate (as applicable) pursuant to the operation of this Condition 7.5;

**Relevant Nominating Body** means, in respect of an Original Reference Rate:

- (i) the central bank for the currency to which such Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such Original Reference Rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which such Original Reference Rate

relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such Original Reference Rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof; and

**Successor Reference Rate** means the rate that the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines is a successor to or replacement of the Original Reference Rate, which successor or replacement is formally recommended by any Relevant Nominating Body.

#### **7.6 Accrual of interest**

- (a) Each Covered Bond (or in the case of the redemption of part only of a Covered Bond, that part only of such Covered Bond) will cease to bear interest (if any) from the date of its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue in accordance with these Terms and Conditions. In the event of non-payment of a Zero Coupon Covered Bond, interest will accrue as provided in Condition 9.10.
- (b) The Covered Bonds shall bear interest from (and including) the Maturity Date to (but excluding) the earlier of the relevant Interest Payment Date after the Maturity Date on which the Covered Bonds are redeemed or the Extended Maturity Date, subject to this Condition 7. In that event, interest shall be payable on those Covered Bonds at the rate determined in accordance with Condition 7.7(b) on the Principal Amount Outstanding of the Covered Bonds on each Interest Payment Date after the Maturity Date in respect of the Interest Period ending immediately prior to the relevant Interest Payment Date, subject as otherwise provided in the applicable Final Terms. The final Interest Payment Date shall fall no later than the Extended Maturity Date;
- (c) The rate of interest payable from time to time under Condition 7.6(b) will be as specified in the applicable Final Terms and, where applicable, determined by the Calculation Agent so specified, three Business Days after the Maturity Date in respect of the first such Interest Period and thereafter as specified in the applicable Final Terms; and
- (d) In the case of Covered Bonds which are Zero Coupon Covered Bonds, for the purposes of this Condition 7.6 the principal amount outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with these Conditions.

#### **7.7 Interest Payments up to the Extended Maturity Date.**

If an Extended Maturity Date is specified in the applicable Final Terms as applying to a Series of Covered Bonds and the maturity of those Covered Bonds is extended beyond the Maturity Date in accordance with Condition 9.11:

- (a) the Covered Bonds shall bear interest from (and including) the Maturity Date to (but excluding) the earlier of the relevant Interest Payment Date after the Maturity Date on which the Covered Bonds are redeemed or the Extended Maturity Date. In that event, interest shall be payable on those Covered Bonds at the rate determined in accordance with Condition 7.7(b) on the Principal Amount Outstanding of the Covered Bonds on each Interest Payment Date after the Maturity Date in respect of the Interest Period ending immediately prior to the relevant Interest Payment Date, subject as otherwise provided in the applicable Final Terms. The final Interest Payment Date shall fall no later than the Extended Maturity Date;

- (b) the rate of interest payable from time to time under Condition 7.7(a) will be as specified in the applicable Final Terms and, where applicable, determined by the Issuer so specified, three Business Days after the Maturity Date in respect of the first such Interest Period and thereafter as specified in the applicable Final Terms; and
- (c) in the case of Covered Bonds which are Zero Coupon Covered Bonds, for the purposes of this Condition 7.7 the principal amount outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with these Conditions.

## **7.8 Business Day, Business Day Convention, Day Count Fraction and other adjustments**

- (a) In these Terms and Conditions, **Business Day** means:
  - (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre (other than TARGET2 System) specified in the applicable Final Terms;
  - (ii) if TARGET2 System is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open; and
  - (iii) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open.
- (b) If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:
  - (i) in any case where Specified Periods are specified in accordance with Condition 7.4(a)(ii), the **Floating Rate Convention**, such Interest Payment Date (1) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (2) below shall apply mutatis mutandis, or (2) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (I) such Interest Payment Date shall be brought forward to the immediately preceding Business Day, and (II) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
  - (ii) the **Following Business Day Convention**, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
  - (iii) the **Modified Following Business Day Convention**, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

- (iv) the **Preceding Business Day Convention**, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

(c) **Day Count Fraction** means, in respect of the calculation of an amount of interest for any Interest Period:

- (i) if **Actual/Actual (ICMA)** is specified in the applicable Final Terms:
  - (A) in the case of Covered Bonds where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period (as defined in Condition 7.8(d)) during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year assuming that interest was to be payable in respect of the whole of that year; or
  - (B) in the case of Covered Bonds where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of (I) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and (II) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;
- (ii) if **Actual/Actual (ISDA)** or **Actual/Actual** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (iii) if **Actual/365** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366, and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (iv) if **Actual/365 (Fixed)** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (v) if **Actual/360** is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (vi) if **30/360, 360/360 or Bond Basis** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless, in the case of Floating Rate Covered Bonds only, (i) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month,

or (ii) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month);

- (vii) if **30E/360** or **Eurobond Basis** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of the final Interest Period, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month);
- (viii) if **30E/360 (ISDA)** is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

**D<sub>2</sub>** is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30; or

- (ix) such other Day Count Fraction as may be specified in the applicable Final Terms.

- (d) **Determination Period** means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).
- (e) **Interest Period** means the period from (and including) an Interest Payment Date to (but excluding) the next (or first) Interest Payment Date provided, in each case, that the first Interest Period shall commence on and include the Interest Commencement Date and the final Interest Period shall end on but exclude the Maturity Date (or Extended Maturity Date, if applicable).
- (f) **Principal Amount Outstanding** means, in respect of a Covered Bond, except an Inflation Linked Annuity Covered Bond and an Inflation Linked Equal Principal Payment Covered Bond, on any day the principal amount of that Covered Bond on the Issue Date less principal amounts (if any) received by the holder of such Covered Bond in respect thereof on or prior to that day. In respect of an

Inflation Linked Annuity Covered Bond and an Inflation Linked Equal Principal Payment Covered Bond, Principal Amount Outstanding shall have the meaning given in the applicable Final Terms.

(g) **sub-unit** means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, euro 0.01.

## 8. PAYMENTS

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

(a) Payments in respect of Inflation Linked Annuity Covered Bonds

In case of an Inflation Linked Annuity Covered Bond, the Issuer shall, on each relevant Interest Payment Date, make a combined payment of principal, and interest due (together, the **Annuity Amount**) as calculated by the Issuer in accordance with the formula specified in the applicable Final Terms.

(b) Payments in respect of Inflation Linked Equal Principal Payment Covered Bonds

In case of an Inflation Linked Equal Principal Payment Covered Bond, the Issuer shall, on each relevant Interest Payment Date, make a combined payment of principal, and interest due (together, the **Equal Payment Amount**) as calculated by the Issuer in accordance with the formula specified in the applicable Final Terms.

### 8.2 Method of payment

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency; and
- (b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment or other laws and regulations to which the Issuer or its Agents are subject, but without prejudice to the provisions of Condition 10 (Taxation) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto (**FATCA**).

### 8.3 Presentation of Covered Bonds and Coupons

(a) Payments of principal in respect of definitive Bearer Covered Bonds will (subject as provided below) be made in the manner provided in Condition 8.2 (Method of payment) above only against presentation and surrender (or in the case of part payment of any sum due only, endorsement) of definitive Bearer Covered Bonds, and payment of interest in respect of definitive Bearer Covered Bonds will (subject as provided below) be made as aforesaid only against presentation and surrender (or in the case of part payment of any sum due only, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein,

means the United States of America including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

- (b) Fixed Rate Covered Bonds in definitive bearer form (other than Inflation Linked Covered Bonds) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 10 (Taxation) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 11 (Prescription)). Upon any Fixed Rate Covered Bond in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.
- (c) *Coupons for Floating Rate, Inflation Linked Covered Bonds:* Upon the date on which any Floating Rate Covered Bond or Inflation Linked Covered Bond in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.
- (d) *Payments other than in respect of Matured Coupons:* If the due date for redemption of any definitive Bearer Covered Bond is not an Interest Payment Date, interest (if any) accrued in respect of such definitive Bearer Covered Bond from (and including) the preceding Interest Payment Date or Interest Commencement Date, as the case may be, shall be payable only against surrender of the relevant definitive Bearer Covered Bond.
- (e) *CSD Covered Bonds:* Payments of principal and interest in respect of CSD Covered Bonds will be made to the Covered Bondholders shown in the relevant records of the CSD in accordance with and subject to the rules and regulations from time to time governing the CSD.

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

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

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

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Covered Bond (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Covered Bond at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Covered Bond appearing in the register of holders of the Registered Covered Bonds maintained by the Registrar (the **Covered Bond Register**) (i) where in global form,

at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Covered Bond Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Covered Bond (whether or not in global form) will be made by transfer on the due date to the Designated Account of the holder (or the first named of joint holders) of the Registered Covered Bond appearing in the Covered Bond Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the **Record Date**). Payment of the interest due in respect of each Registered Covered Bond on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Covered Bond.

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

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

## **8.6 General provisions applicable to payments**

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

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

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Covered Bonds in the manner provided above when due;

- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

## 8.7 **Payment Day**

If the date for payment of any amount in respect of any Covered Bond, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment of the relevant amount due until the next following Payment Day and shall not be entitled to any interest or other sum in respect of any such delay. For these purposes, **Payment Day** means any day which (subject to Condition 11) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (i) in the case of Covered Bonds in definitive form only, in the relevant place of presentation;
  - (ii) in each Additional Financial Centre (other than TARGET2 System) specified in the applicable Final Terms;
- (b) if TARGET2 System is specified as an Additional Financial Centre in the applicable Final Terms, a day on which the TARGET2 System is open; and
- (c) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency or (ii) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

## 8.8 **Interpretation of principal**

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

- (a) the Final Redemption Amount of the Covered Bonds;
- (b) the Early Redemption Amount of the Covered Bonds;
- (c) the Optional Redemption Amount(s) (if any) of the Covered Bonds;
- (d) in relation to Covered Bonds (other than Inflation Linked Annuity Covered Bonds or Inflation Linked Equal Principal Payment Covered Bonds) redeemable in instalments, the Instalment Amounts;
- (e) in relation to Zero Coupon Covered Bonds, the Amortised Face Amount (as defined in Condition 9.6(b)); and
- (f) any premium and any other amounts (other than interest) which may be payable under or in respect of the Covered Bonds.

## 9. REDEMPTION AND PURCHASE

### 9.1 Redemption of Inflation Linked Annuity Covered Bonds and Inflation Linked Equal Principal Payment Covered Bonds

Unless previously redeemed or purchased and cancelled, each Inflation Linked Annuity Covered Bond and each Inflation Linked Equal Principal Payment Covered Bond will, subject to Condition 8.1(a) or (b) (as applicable), be redeemed in one or more amounts, calculated in accordance with the formula specified in the applicable Final Terms, in the relevant Specified Currency on the relevant Interest Payment Dates.

### 9.2 Final Redemption

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

### 9.3 Redemption at the option of the Issuer (Issuer Call)

If an Issuer Call is specified in the applicable Final Terms, the Issuer may, having given not less than 15 nor more than 30 days' notice to the Covered Bondholders in accordance with Condition 15 (which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Covered Bonds then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount (if any) and not more than the Maximum Redemption Amount (if any), in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Covered Bonds, the Covered Bonds to be redeemed (**Redeemed Covered Bonds**) will be selected (i) in the case of definitive Covered Bonds, individually by lot without involving any part only of a Bearer Covered Bond and not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**), (ii) in the case of Global Covered Bonds, in accordance with the rules of Euroclear and/or Clearstream, (to be reflected in the records of Euroclear and Clearstream as either a pool factor or a reduction in nominal amount, at their discretion) and (iii) in the case of CSD Covered Bonds, in accordance with the rules of the CSD. In the case of Redeemed Covered Bonds represented by definite Covered Bonds, a list of the serial numbers of such Redeemed Covered Bonds will be published in accordance with Condition 15 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Covered Bonds represented by definitive Covered Bonds shall bear the same portion to the aggregate nominal amount of all Redeemed Covered Bonds as the aggregate nominal amount of definite Covered Bond outstanding bears to the aggregate nominal amount of the Covered Bonds outstanding, in each case on the Selection Date. No exchange of the relevant definitive Covered Bond will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 9.3 and notice to that effect shall be given by the Issuer to the relevant Covered Bondholders in accordance with Condition 15 at least five days prior to the Selection Date.

### 9.4 Redemption due to illegality or invalidity

If the Covered Bonds become illegal and/or invalid, the Covered Bonds of all Series may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 or more than 60 days' notice to all Covered Bondholders (which notice shall be irrevocable).

Covered Bonds redeemed pursuant to this Condition 9.4 will be redeemed at their Early Redemption Amount referred to in Condition 9.6 together (if appropriate) with interest accrued (and, if this is an Inflation Linked Annuity Covered Bond or an Inflation Linked Equal Principal Payment Covered Bond, adjusted for indexation in accordance with the provisions set out in the applicable Final Terms) to (but excluding) the date of redemption.

#### **9.5 Certification**

The publication of any notice of redemption pursuant to Condition 9.6 shall include a certificate signed by two Directors of the Issuer stating that the Issuer is entitled or required to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and the certificate shall be sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on all Covered Bondholders, (if applicable) Receiptholders and Couponholders.

#### **9.6 Early Redemption Amounts**

For the purpose of Conditions 9.4, 9.7, 9.10 and 9.12, each Covered Bond will be redeemed at its Early Redemption Amount calculated as follows:

- (a) in the case of a Covered Bond (other than a Zero Coupon Covered Bond but including an Instalment Covered Bond), at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its Principal Amount Outstanding (and, in the case of an Inflation Linked Annuity Covered Bond or an Inflation Linked Equal Principal Payment Covered Bond, adjusted for indexation in accordance with the provisions set out in the applicable Final Terms); or
- (b) in the case of a Zero Coupon Covered Bond, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

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

where:

**RP** means the Reference Price;

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

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

#### **9.7 Instalments**

Instalment Covered Bonds will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 9.6.

## **9.8 Purchases**

The Issuer or any of its Subsidiaries may at any time purchase Covered Bonds at any price in the open market or otherwise. Subject to the provision below, such Covered Bonds may be held, reissued, resold or, at the option of the Issuer, surrendered to the Issuer for cancellation.

## **9.9 Cancellation**

All Covered Bonds which are redeemed will forthwith be cancelled (together with all unmatured Receipts and Coupons attached thereto or surrendered therewith at the time of redemption). All Covered Bonds so cancelled and any Covered Bonds purchased and surrendered for cancellation pursuant to Condition 9.8 and cancelled (together with all unmatured Receipts and Coupons cancelled therewith) shall be forwarded to the Fiscal Agent and in the case of CSD Covered Bonds shall be deleted from the records of the CSD and cannot be reissued or resold.

## **9.10 Late Payment on Zero Coupon Covered Bonds**

If the amount payable in respect of any Zero Coupon Covered Bond upon redemption of such Zero Coupon Covered Bond pursuant to Conditions 9.2, 9.3 or 9.4 above, the amount due and repayable in respect of such Zero Coupon Covered Bond shall be the amount calculated as provided in Condition 9.6(a) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Covered Bond becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Covered Bond have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Covered Bonds has been received by (in the case of Covered Bonds other than CSD Covered Bond) the Fiscal Agent or, in the case of Registered Covered Bonds, the Registrar or (in the case of CSD Covered Bonds) the CSD Agent and notice to that effect has been given to the Covered Bondholders in accordance with Condition 15.

## **9.11 Extension of Maturity Date**

### **(a) Extension of Maturity Date:**

- (i) If an Extended Maturity Date is specified in the applicable Final Terms for a Series of Covered Bonds and the Issuer (i) has received approval from the FSA to extend the maturity of the Covered Bonds (a **Maturity Extension Approval**) and (ii) fails to pay the Final Redemption Amount on the Maturity Date specified in the Final Terms, the maturity of the outstanding Covered Bonds not so redeemed and the date on which such Covered Bonds will, notwithstanding any insolvency, bankruptcy or resolution in respect of the Issuer at the relevant time, be due and repayable for the purposes of these Terms and Conditions will be extended up to and including (but no later than) the Extended Maturity Date. In that event, the Issuer may redeem all or any part of the Principal Amount Outstanding of the Covered Bonds on any Interest Payment Date falling in any month after the Maturity Date up to and including the Extended Maturity Date.
- (ii) Interest will continue to accrue on any unpaid amount and will be payable on each Interest Payment Date falling after the Maturity Date up to (and including) the Extended Maturity Date.

- (iii) The Issuer shall promptly give notice to the Fiscal Agent and the Covered Bondholders (in accordance with Condition 15 (Notices)) of such Maturity Extension Approval (provided, however, that any failure by the Issuer to give such notice shall not in any event affect the validity or effectiveness of the extension of maturity or give any Covered Bondholder any right to receive any payment of interest, principal or otherwise with respect to the relevant Covered Bonds other than as provided for in these Conditions).
- (iv) The Issuer shall give the Fiscal Agent not less than five Business Days' notice (in accordance with Condition 15 (Notices)) prior to the Maturity Date whether (a) payment will be made of the Final Redemption Amount of the applicable Series of Covered Bonds in full on their Maturity Date or (b) the obligation to pay the Final Redemption Amount of the applicable Series of Covered Bonds on their Maturity Date shall be deferred until the Extended Maturity Date (the Extension Notice).
- (v) Any failure by the Issuer to notify such persons shall not affect the validity or effectiveness of any redemption by the Issuer on the relevant Interest Payment Date, or give rise to rights to any such person.

(b) Zero Coupon Bonds:

In the case of Covered Bonds which are Zero Coupon Covered Bonds to which an Extended Maturity Date is specified under the applicable Final Terms, for the purposes of this Condition 9.11 the principal amount outstanding shall be the total amount otherwise payable by the Issuer on the Maturity Date less any payments made by the Issuer in respect of such amount in accordance with these Terms and Conditions.

(c) Extension Irrevocable:

Any extension of the maturity of Covered Bonds under this Condition 9.11 shall be irrevocable. Where this Condition 9.11 applies, any failure to redeem the Covered Bonds on the Maturity Date or any extension of the maturity of Covered Bonds under this Condition 9.11 shall not constitute an event of default or acceleration of payment for any purpose or give any Covered Bondholder any right to receive any payment of interest, principal or otherwise on the relevant Covered Bonds other than as expressly set out in these Terms and Conditions.

(d) Payments:

In the event of the extension of the maturity of Covered Bonds under this Condition 9.11 Interest Rates, Interest Periods and Interest Payment Dates on the Covered Bonds from (and including) the Maturity Date to (but excluding) the Extended Maturity Date shall be determined in accordance with the applicable Final Terms.

(e) Partial Redemption after Maturity Date:

If the Issuer redeems part and not all of the principal amount outstanding of Covered Bonds on any Interest Payment Date falling after the Maturity Date, the redemption proceeds shall be applied rateably across the Covered Bonds and the principal amount outstanding on the Covered Bonds shall be reduced by the level of that redemption. If any partial redemption after the Maturity Date is not sufficient to redeem all outstanding Interest Payments, then the remainder of any Interest Payment shall be added to the principal amount of the Covered Bonds.

(f) Restriction on Further Issues:

If the maturity of any Covered Bonds is extended up to the Extended Maturity Date in accordance with this Condition 9.11, then, subject as otherwise provided for in the applicable Final Terms, for so long as any of those Covered Bonds remains outstanding, the Issuer shall not issue any further Covered Bonds, unless the proceeds of issue of such further Covered Bonds are applied by the Issuer on issue to redeem in whole or in part the relevant Covered Bonds in accordance with the terms thereof.

#### **9.12 Redemption for Tax Reasons**

The Covered Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Covered Bondholders (which notice shall be irrevocable) and, in the case of CSD Covered Bonds, the CSD if:

- (a) on the occasion of the next payment due under the Covered Bonds, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 10 (Taxation) as a result of any change in, or amendment to, the laws or regulations of the Tax Jurisdiction (as defined in Condition 10), or any change in the application or official interpretation of such laws or regulation, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Covered Bonds; and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

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

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Fiscal Agent to make available at its specified office to the Covered Bondholders (i) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Covered Bonds redeemed pursuant to this Condition 9.12 will be redeemed at their Early Redemption Amount together (if appropriate) with interest accrued to (but excluding) the date of redemption.

### **10. TAXATION**

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

- (a) in respect of any demand made for payment in Iceland;

- (b) the holder of which is liable for such taxes, duties, assessments or government charges of whatever nature in respect of such Covered Bond or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Covered Bond or Coupon; or
- (c) in respect of any demand for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on making such demand on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 8.4); or
- (d) on account of any tax, assessment or other governmental charge that is imposed or withheld by reason of the application of Section 1471 through 1474 of the Code (or any successor provisions), any regulation, pronouncement or agreement thereunder, official interpretations thereof, or any intergovernmental agreement or any law implementing an intergovernmental approach thereto, whether currently in effect or as published and amended from time to time.

As used herein:

**Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by (in the case of Bearer Covered Bonds) the Fiscal Agent or (in the case of Registered Covered Bonds) the Registrar or (in the case of CSD Covered Bonds) the CSD Agent, in each case, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Covered Bondholders in accordance with Condition 12; and

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

Pursuant to point 8 of the first Paragraph of Article 3 of Icelandic Act No. 90/2003 on Income Tax, as amended (the **ITA**), non-Icelandic residents are not subject to tax on any interest income derived by them from the Covered Bonds and Coupons provided the Covered Bonds are registered with a securities depository within the Organisation for Economic Co-operation and Development, the European Economic Area or a member of the European Free Trade Association or the Faroe Islands (any such securities depository, an **Eligible Securities Depository**) and the Issuer registers the Covered Bonds with the Directorate of Internal Revenue in Iceland. The Issuer undertakes to ensure that any Covered Bonds are registered and accepted for clearance with an Eligible Securities Depository (which would include Euroclear and Clearstream, Luxembourg) and to register any Covered Bonds with the Directorate of Internal Revenue in Iceland on or prior to the Issue Date of the Covered Bonds and to obtain a certificate of exemption in respect thereof. In the event that such exemption to the ITA is forfeited, suspended or revoked as a result of the Issuer failing to register the Covered Bonds as aforesaid or the Covered Bonds being in definitive form and held outside an Eligible Securities Depository or the Covered Bonds otherwise ceasing to be registered with an Eligible Securities Depository or for any other reason and any payment in respect of the Covered Bonds is accordingly subject to withholding or deduction pursuant to the ITA, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Covered Bonds or Coupons after such withholding or deduction shall equal the respective amounts of interest which would otherwise have been receivable in respect of the Covered Bonds or Coupons, as the case may be, in the absence of such withholding or deduction (and the exceptions set out in paragraphs (a) to (f) above shall not be applicable).

## **11. PRESCRIPTION**

The Covered Bonds, Receipts and Coupons will become void in accordance with Act on the Expiration of Debt and other Obligations No. 150/2007 unless presented for payment within 10 years after the Relevant Date (as defined above).

There shall not be included in any Coupon sheet issued on exchange of a Talon, any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 8.3 or any Talon which would be void pursuant to Condition 8.3.

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

This Condition 12 only applies to Covered Bonds other than CSD Covered Bonds.

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

## **13. AGENTS**

The names of the initial Agents and their initial specified offices are set out below. If any additional Paying Agents or Transfer Agents or any alternative CSD Agent is appointed in connection with any Series, the names of such agents will be specified in Part B of the applicable Final Terms.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents provided that:

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

In addition, in the case of Covered Bonds other than CSD Covered Bonds, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 8.6 (*General provisions applicable to payments*). Notice of any variation, termination, appointment or change in Agents will be given to the Covered Bondholders promptly by the Issuer in accordance with Condition 15.

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

## **14. EXCHANGE OF TALONS**

This Condition 14 only applies to Covered Bonds other than CSD Covered Bonds.

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Covered Bond to which it appertains) a further Talon, subject to the provisions of Condition 11 (*Prescription*).

## **15. NOTICES**

### **15.1 Covered Bonds other than CSD Covered Bonds**

This Condition 15.1 only applies to Covered Bonds other than CSD Covered Bonds.

All notices regarding the Bearer Covered Bonds will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Bearer Covered Bonds are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication in a daily newspaper.

All notices regarding the Registered Covered Bonds will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Covered Bond Register and will be deemed to have been given on the second day after mailing and, in addition, for so long as any Registered Covered Bonds are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

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

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

## **15.2 CSD Covered Bonds**

This Condition 15.2 only applies to CSD Covered Bonds.

All notices regarding the CSD Covered Bonds will be deemed to be validly given if published in accordance with the procedures of the CSD. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the CSD Covered Bonds are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given to the holders of the CSD Covered Bonds on the date it is published in accordance with the procedures of the CSD. Notices to be given by any holder of CSD Covered Bonds may be given by such holder through CSD in such manner as the CSD Agent and the CSD may approve for this purpose. The Issuer can additionally at its own discretion obtain information from the CSD on the Covered Bondholders in order to send notices to each Covered Bondholder directly.

# **16. MEETINGS OF COVERED BONDHOLDERS, MODIFICATION AND WAIVER**

## **16.1 Covered Bonds other than CSD Covered Bonds**

This Condition 16.1 only applies to Covered Bonds other than CSD Covered Bonds.

The Agency Agreement contains provisions for convening meetings of the Covered Bondholders (including by way of conference call or by use of a videoconference platform) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in Schedule 4, Part 1 of the Agency Agreement) of a modification of the Covered Bonds, the Receipts, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by Covered Bondholders holding not less than 5 per cent. in nominal amount of the Covered Bonds for the time being remaining outstanding.

The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Covered Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Covered Bondholders whatever the nominal amount of the Covered Bonds so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Covered Bonds, the Receipts or the Coupons (including modifying the date of maturity of the Covered Bonds or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Covered Bonds or altering the currency of payment of the Covered Bonds, the Receipts or the Coupons or amending the Deed of Covenant in certain respects), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Covered Bonds for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Covered Bonds for the time being outstanding.

The Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority consisting of not less than 75 per cent. of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Covered Bonds for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Fiscal Agent) by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Covered Bonds for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Covered Bondholders. An Extraordinary Resolution passed at any meeting of the Covered Bondholders shall be binding on all the Covered Bondholders, whether or not they are present at the meeting, and on all Couponholders.

The Fiscal Agent and the Issuer may agree, without the consent of the Covered Bondholders or Couponholders, to any modification of the Covered Bonds, the Coupons, the Deed of Covenant or the Agency Agreement which, in the opinion of the Issuer, is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law or to comply with the provisions of Directive (EU) 2019/2162 and Regulation (EU) 2019/2160 (collectively, the **EU Covered Bond Rules**) as implemented into Icelandic law and/or to comply with the provisions of the Act on Covered Bonds.

Any such modification shall be binding on the Covered Bondholders and the Couponholders and any such modification shall be notified to the Covered Bondholders in accordance with Condition 15 as soon as practicable thereafter.

## 16.2 CSD Covered Bonds

This Condition 16.2 only applies to CSD Covered Bonds.

The Agency Agreement provides that meetings of Covered Bondholders (for the purposes of this Condition 16.2, a **Covered Bondholders' Meeting**) may be convened by the Issuer and shall be convened by the Issuer if required in writing by Covered Bondholders holding not less than 5 per cent. in nominal amount of the Covered Bonds for the time being remaining outstanding. The quorum at any such meeting for passing a resolution is one or more persons holding a certificate or certificates (dated no earlier than 14 days prior to the meeting) from either the CSD or the CSD Agent stating that each such Covered Bondholder is entered into the records of the CSD (as applicable) as a Covered Bondholder, and such Covered Bondholder or Covered Bondholders collectively hold or represent not less than 50 per cent. in nominal amount of the Covered Bonds for the time being outstanding and provide an undertaking that no transfers or dealings have taken place or will take place in the relevant Covered Bonds until the conclusion of the meeting, or at any adjourned meeting one or more such persons being or representing Covered Bondholders whatever the nominal amount of the Covered Bonds so held or represented; except that at any meeting the business of which includes the modification of certain provisions of the Covered Bonds as set out in Schedule 4, Part 2 of the Agency Agreement (including modifying the date of maturity of the Covered Bonds or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Covered Bonds or altering the currency of payment of the Covered Bonds), the quorum shall be one or more such persons holding or representing not less than two-thirds in aggregate nominal amount of the Covered Bonds for the time being outstanding, or at any adjourned such meeting one or more persons being or representing Covered Bondholders whatever the nominal amount of the Covered Bonds so held or represented. A resolution passed at any meeting of the Covered Bondholders shall be binding on all the Covered Bondholders, whether or not they are present at the meeting.

For the purposes of a meeting of the Covered Bondholders, the person named in the certificate from the CSD or the CSD Agent described above shall be treated as the holder of the Covered Bonds specified in such certificate, provided that he has given an undertaking not to transfer the Covered Bonds so specified (prior to the close of the meeting).

The provisions for the convening and holding of such Covered Bondholders' Meetings are set out in the Agency Agreement.

The CSD Agent, the Fiscal Agent (insofar as the relevant modification relates to the Agency Agreement) and the Issuer may agree without the consent of any of the Covered Bondholders, to any modification of the CSD Covered Bonds or the Agency Agreement (insofar as the relevant modification to the Agency Agreement relates to the CSD Covered Bonds) which, in the opinion of the Issuer, is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law or to comply with the EU Covered Bond Rules as such may be implemented into Icelandic law and/or to comply with the provisions of the Act on Covered Bonds.

Any such modification shall be binding on the Covered Bondholders and any such modification shall be notified to the Covered Bondholders in accordance with Condition 15 as soon as practicable thereafter.

## **17. FURTHER ISSUES**

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

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

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

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

### **19.1 Governing law**

The Agency Agreement, the Deed of Covenant, the Covered Bonds the Coupons, the Receipts and the Talons, and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Covered Bonds the Coupons, the Receipts and the Talons, are and shall be governed by, and construed in accordance with, English law, except for Condition 4 and the registration of CSD Covered Bonds with the CSD and Condition 15.2 which shall be governed by, and construed in accordance with, Icelandic law.

### **19.2 Submission to jurisdiction**

- (a) Subject to Condition 19.2(c) below, the English courts have exclusive jurisdiction to the Coupons, the Receipts and/or the Talons , including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Covered Bonds the Coupons, the Receipts and/or the Talons (a **Dispute**) and accordingly each of the Issuer and any Covered

Bondholders, Couponholders or Receiptholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

- (b) For the purposes of this Condition 19.2, each of the Issuer and any Covered Bondholders, Couponholders or Receiptholders in relation to any Dispute waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) This Condition 19.2(c) is for the benefit of the Covered Bondholders, the Couponholders and the Receiptholders only. To the extent allowed by law, the Covered Bondholders, the Couponholders and the Receiptholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

### **19.3 Appointment of Process Agent**

The Issuer appoints LOGOS Legal Services Ltd. at Paternoster House, 65 St Paul's Churchyard, London EC4M 8AB, United Kingdom as its agent for service of process in any proceedings before the English courts in relation to any Dispute, and undertakes that, in the event of LOGOS Legal Services Ltd. 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 Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

### **19.4 Waiver of immunity**

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

### **19.5 Other documents**

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

## ANNEX 2

### AMENDED AND RESTATED FINAL TERMS

THESE AMENDED AND RESTATED FINAL TERMS HAVE BEEN CREATED SOLELY AS A MATTER OF RECORD TO RECORD THE CURRENT FINAL TERMS OF THE COVERED BONDS AS AMENDED WITH EFFECT FROM 11 JULY 2023 BY A SUPPLEMENTAL AGENCY AGREEMENT DATED 11 JULY 2023 (THE "SUPPLEMENTAL AGENCY AGREEMENT"). NO OFFER OF ANY OF THE COVERED BONDS IS BEING MADE BY THE ISSUER (AS DEFINED BELOW) PURSUANT TO THIS DOCUMENT OR OTHERWISE AND THE ISSUER DOES NOT ACCEPT ANY ADDITIONAL OBLIGATIONS TO COVERED BONDHOLDERS IN RELATION TO THIS DOCUMENT.

### AMENDED AND RESTATED FINAL TERMS

**NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE UNITED STATES.**

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Covered Bonds are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to, any retail investor in the European Economic Area (EEA). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended) (**MiFID II**); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, 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 Regulation (EU) 2017/1129 (as amended, the **Prospectus Regulation**). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended) (the **PRIIPs Regulation**) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Covered Bonds are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (UK). For these purposes, a retail investor means a person who is one (or more) of: (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 (as amended, the **EUWA**); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act, 2000 (as amended) (**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 Regulation (EU) 2017/1129 (as amended) as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended) as it forms part of domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Covered Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Covered Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**MiFID II product governance / Professional investors and eligible counterparties only target market** – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Covered Bonds has led to the conclusion that: (i) the target market for the Covered Bonds is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Covered Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Covered Bonds (a **distributor**) should take into consideration the

manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Covered Bonds (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

16 September 2022 (as amended and restated on 11 July 2023)

**ÍSLANDSBANKI HF.**

**Legal entity identifier (LEI): 549300PZMFIQR79Q0T97**

**Issue of €300,000,000 Series 2022-2 3.000% Covered Bonds due 20 September 2027 under the €2,500,000,000 Covered Bond Programme (which is, as at the date of the Amended and Restated Final Terms, is referred to as the €4,000,000,000 European Covered Bond (Premium) Programme)**

**PART A – CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 8 April 2022 (the **Base Prospectus**) as supplemented by the supplement to it dated 6 September 2022 which together constitute a base prospectus for the purposes of Regulation (EU) 2017/1129 (as amended, the **Prospectus Regulation**). By virtue of a supplemental agency agreement dated 11 July 2023 amongst the Issuer, the Fiscal Agent and the other parties thereto, the Conditions have been modified (the **Amended Conditions**). This document constitutes the Final Terms of the Covered Bonds described herein for the purpose of the Prospectus Regulation and must be read in conjunction with the Base Prospectus as so supplemented and the Amended Conditions in order to obtain all the relevant information. The Base Prospectus and the supplement have been published on the website of the Issuer at <https://www.islandsbanki.is/en/product/about/funding> and on the website of Euronext Dublin at <https://live.euronext.com/en/markets/dublin> and copies may be obtained during normal business hours from the registered office of the Issuer at Hagasmári 3, 201 Kópavogur, Iceland and from the offices of the Fiscal Agent at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, England.

1.	<b>Issuer:</b>	Íslandsbanki hf.
2.	i <b>Series Number:</b>	2
	ii <b>Tranche Number:</b>	1
	iii <b>Series which Covered Bonds will be consolidated and form a single Series with:</b>	Not Applicable
	iv <b>Date on which the Covered Bonds will be consolidated and form a single Series with the Series specified above:</b>	Not Applicable
	v <b>Trade Date:</b>	12 September 2022
3.	<b>Specified Currency or Currencies:</b>	Euro (€)
4.	<b>Aggregate Nominal Amount:</b>	

i	Series:	€300,000,000
ii	Tranche:	€300,000,000
5.	<b>Issue Price:</b>	99.936 per cent. of the Aggregate Nominal Amount
6.	<b>Specified Denominations:</b>	€100,000 and integral multiples of €1,000 in excess thereof.
7.		
	i Issue Date:	20 September 2022
	ii Interest Commencement Date:	Issue Date
8.		
	i Maturity Date:	20 September 2027
	ii Extended Maturity Date:	Applicable Subject to Condition 9.11, the Extended Maturity Date is 20 September 2028
9.		
	i Interest Basis to Maturity Date:	3.000 per cent. Fixed Rate
	ii Interest Basis from Maturity Date to Extended Maturity Date:	1 month EURIBOR +0.700 per cent. Floating Rate
10.	<b>Redemption/Payment Basis:</b>	Subject to any purchase and cancellation or early redemption, the Covered Bonds will be redeemed on the Maturity Date or Extended Maturity Date (as applicable) at 100 per cent. of their nominal amount.
11.	<b>Change of Interest Basis or Redemption/Payment Basis:</b>	In accordance with paragraph 9 and paragraph 18.
12.	<b>Call Option:</b>	Not Applicable
13.	<b>Approval for issuance of the Covered Bonds:</b>	
	Date of Board approval for issuance of Covered Bonds obtained:	28 July 2022
14.	<b>Method of distribution:</b>	Syndicated

### **Provisions relating to Inflation Linked Annuity Covered Bonds**

15. **Inflation Linked Annuity Covered Bonds:** Not Applicable

### **PROVISIONS RELATING TO INFLATION LINKED EQUAL PRINCIPAL PAYMENT COVERED BONDS INCLUDING COVERED BONDS WITH ONE PAYMENT OF PRINCIPAL ON MATURITY DATE**

16. **Inflation Linked Equal Principal Payment Covered Bonds:** Not Applicable

### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

17. **Fixed Rate Covered Bond Provisions:** Applicable

- i Rate(s) of Interest to Maturity Date: 3.000 per cent. per annum payable annually in arrear
- ii Rate(s) of Interest from Maturity Date to Extended Maturity Date: See paragraphs 9 and 18
- iii Interest Payment Date(s): 20 September in each year up to and including the Maturity Date
- iv Day Count Fraction: Actual/Actual (ICMA)
- v Determination Date(s): 20 September in each year
- vi Other terms relating to the method of calculating interest for Fixed Rate Covered Bonds: None

18. **Floating Rate Covered Bond Provisions:** Applicable

- i Specified Period(s)/Specified Interest Payment Dates: 20th day of each month, from and excluding the Maturity Date, to and including the Extended Maturity Date
- ii Business Day Convention: Following Business Day Convention
- iii Additional Business Centre(s): None
- iv Manner in which the Rate of Interest and Interest Amount is to be determined: Screen Rate Determination
- v Party responsible for calculating the Rate of Interest and Interest Amount: Fiscal Agent
- vi Screen Rate Determination:

	<ul style="list-style-type: none"> <li>▪ Reference Rate, Relevant Time and Relevant Financial Centre:</li> </ul>	Reference Rate: 1 month EURIBOR Relevant Time: 11:00am in the Relevant Financial Centre Relevant Financial Centre: Brussels
	<ul style="list-style-type: none"> <li>▪ Interest Determination Date(s):</li> </ul>	Second day on which the TARGET2 System is open prior to the start of each Interest Period.
	<ul style="list-style-type: none"> <li>▪ Relevant Screen Page:</li> </ul>	Reuters EURIBOR 01
	<ul style="list-style-type: none"> <li>▪ Calculation Method:</li> </ul>	Not Applicable
	<ul style="list-style-type: none"> <li>▪ Observation Method:</li> </ul>	Not Applicable
	<ul style="list-style-type: none"> <li>▪ Observation Look-back Period:</li> </ul>	Not Applicable
	<ul style="list-style-type: none"> <li>▪ D:</li> </ul>	Not Applicable
vii	ISDA Determination:	Not Applicable
viii	Margin(s) to Maturity Date:	Not Applicable
ix	Margin(s) from Maturity Date to Extended Maturity Date:	+0.700 per cent. per annum
x	Minimum Rate of Interest:	Zero
xi	Maximum Rate of Interest:	Not Applicable
xii	Day Count Fraction:	Actual/360
xiii	Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Covered Bonds, if different from those set out in the Terms and Conditions:	Not Applicable
19.	<b>Zero Coupon Covered Bond Provisions:</b>	Not Applicable

#### **PROVISIONS RELATING TO REDEMPTION**

20.	<b>Issuer Call:</b>	Not Applicable
21.	<b>Final Redemption Amount of each Covered Bond:</b>	€100,000 per Covered Bond of €100,000 Specified Denomination  For the avoidance of doubt, in the case of a holding of

Covered Bonds in an integral multiple of €1,000 in excess of €100,000 as envisaged in paragraph 6 above, such holding will be redeemed at its nominal amount.

## GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

22. **New Global Covered Bond:** No

23. **Form of Covered Bonds:** Registered Covered Bond:  
Global Covered Bond registered in the name of a nominee for a common safekeeper for Euroclear and Clearstream, Luxembourg

24. **Additional Financial Centre(s) or other special provisions relating to Payment Days:** Not Applicable

25. **Talons for future Coupons or Receipts to be attached to definitive Covered Bonds (and dates on which such Talons mature):** No

26. **Details relating to partly paid Covered Bonds: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Covered Bonds and interest due on late payment:** Not Applicable

27. **Details relating to Instalment Covered Bonds:**

- i Instalment Amount(s): Not Applicable
- ii Instalment Date(s): Not Applicable

28. **Other final terms:** Not Applicable

**DISTRIBUTION**

29.

- i If syndicated, names of Managers: Barclays Bank Ireland PLC  
UBS Europe SE
- ii Date of Subscription Agreement 16 September 2022
- iii Stabilisation Manager (if any): Not Applicable

30. **If non-syndicated, name of relevant Dealer:** Not Applicable

31.	<b>U.S. Selling Restrictions:</b>	Reg S Category 2; TEFRA not applicable
32.	<b>Prohibition of Sales to EEA Retail Investors</b>	Applicable
33.	<b>Prohibition of Sales to UK Retail Investors</b>	Applicable
34.	<b>Relevant Benchmark:</b>	EURIBOR is provided by European Money Markets Institute. As at the date hereof, European Money Markets Institute appears in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of Regulation (EU) No. 2016/1011 (the <b>EU Benchmarks Regulation</b> ).
35.	<b>European Covered Bonds (Premium)</b>	Yes

#### **LISTING AND ADMISSION TO TRADING APPLICATION**

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Covered Bonds described herein pursuant to the €2,500,000,000 Covered Bond Programme of Íslandsbanki hf. (which is, as at the date of the Amended and Restated Final Terms, referred to as the €4,000,000,000 European Covered Bond (Premium) Programme).

#### **RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms. The extract from S&P Global Ratings Europe Limited's November 2021 publication "Ratings Definitions" set out in Part B – Other Information, Paragraph 2 below in respect of its credit rating methodology has been extracted from S&P Global Ratings Europe Limited's November 2021 publication "Ratings Definitions". The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by S&P Global Ratings Europe Limited, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of the Issuer:

By:

*Duly authorised*

## PART B – OTHER INFORMATION

### 1. LISTING

i	Listing:	Official List of Euronext Dublin
ii	Admission to trading:	Application has been made for the Covered Bonds to be admitted to trading on the Regulated Market of Euronext Dublin with effect from 20 September 2022

### 2. RATINGS

The Covered Bonds to be issued are expected to be rated A by S&P.

S&P Global Ratings Europe Limited (**S&P**) has, in its November 2021 publication “Ratings Definitions”, described a credit rating of ‘A’ in the following terms: “An obligation rated ‘A’ is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor’s capacity to meet its financial commitments on the obligation is still strong.

Ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories”.

S&P is established in the EEA and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**).

### 3. NOTIFICATION

The Central Bank of Ireland has provided the Financial Supervisory Authority of the Central Bank of Iceland with a certificate of approval attesting that the Base Prospectus, as supplemented by the supplement to it dated 6 September 2022, has been drawn up in accordance with the Prospectus Regulation.

### 4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for any fees payable to the Managers, so far as the Issuer is aware, no person involved in the issue of the Covered Bonds has an interest material to the issue. The Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.

### 5. USE OF PROCEEDS, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

i	Use of proceeds:	General corporate purposes
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ii	Estimated net proceeds:	€298,968,000
iii	Estimated total expenses:	€1,000

6. **YIELD (Fixed Rate Covered Bonds only)**

Indication of yield:	3.014%
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Calculated as on the Issue Date.

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

7. **HISTORIC INTEREST RATES (Floating Rate Covered Bonds Only)**

Details of historic EURIBOR rates can be obtained from Reuters.

8. **OPERATIONAL INFORMATION**

i	ISIN Code:	XS2530443659
ii	Common Code:	253044365
iii	CFI Code:	See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN
iv	FISN Code:	See the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN
v	Any clearing system(s) other than Euroclear Bank S.A./N.V. or Clearstream Banking, société anonyme and the relevant identification number(s):	Not Applicable
vi	Delivery:	Delivery against payment
vii	Names and addresses of additional Paying Agent(s) (if any):	Not Applicable
viii	CSD Agent	Not Applicable
ix	Intended to be held in a manner which would allow Eurosystem eligibility:	Yes. Note that the designation "yes" simply means that the Covered Bonds are intended upon issue to be deposited with one of the ICSDs as common safekeeper, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper and does not necessarily mean that the Covered

Bonds will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

## SIGNATORIES TO THE SUPPLEMENTAL AGENCY AGREEMENT

### The Issuer

ÍSLANDSBANKI HF.

By:

  
Jon Ómarsson  
CEO

By:

  
JÓHANN OTTO THORSTEINSSON  
Executive Director

**Fiscal Agent, Paying Agent and Transfer Agent**

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

By:



Georgia Mitchell  
Vice President

**Registrar**

**CITIBANK EUROPE PLC**

By:



Georgia Mitchell  
Attorney