IMPORTANT NOTICE

THIS PROSPECTUS IS NOT FOR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES AND MAY ONLY BE DISTRIBUTED TO PERSONS WHO ARE NOT U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED ("REGULATION S")) AND ARE OUTSIDE THE UNITED STATES AND TO WHOM IT CAN LAWFULLY BE DISTRIBUTED.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached prospectus (the "**Prospectus**") whether received by email, accessed from an internet page or otherwise received as a result of electronic communication, and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the Prospectus. In reading, accessing or making any other use of the Prospectus, you agree to be bound by the following terms and conditions and each of the restrictions set out in the Prospectus, including any modifications made to them from time to time, each time you receive any information from Landsbankinn hf. (the "**Issuer**") or from the Managers (as defined below) as a result of such access, reading or other use. You acknowledge that this electronic transmission and the delivery of the Prospectus is confidential and intended only for you and **you agree that you will not forward, reproduce or publish this electronic transmission or the Prospectus to any other person.**

THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"). SUBJECT TO CERTAIN EXCEPTIONS, SECURITIES MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS. ANY FORWARDING, REDISTRIBUTION OR REPRODUCTION OF THE PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

UNITED STATES - NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE SECURITIES IN THE UNITED STATES OR IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. ANY SECURITY TO BE ISSUED HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT, OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION. THE SECURITIES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED DIRECTLY OR INDIRECTLY WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S) EXCEPT TO A PERSON WHO IS NOT A U.S. PERSON (AS DEFINED IN REGULATION S) IN AN OFFSHORE TRANSACTION PURSUANT TO RULE 903 OR RULE 904 OF REGULATION S, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

UNITED KINGDOM – IN THE UNITED KINGDOM, THE PROSPECTUS IS BEING DISTRIBUTED ONLY TO AND DIRECTED ONLY AT (I) PERSONS WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND WHO QUALIFY AS INVESTMENT PROFESSIONALS WITHIN THE MEANING OF ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "**ORDER**"), AND (II) PERSONS FALLING WITHIN ARTICLE 49 OF THE ORDER AND (III) OTHER PERSONS TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED UNDER THE ORDER (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "**RELEVANT PERSONS**"). THE PROSPECTUS IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THE PROSPECTUS RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. THE PROSPECTUS MAY ONLY BE COMMUNICATED TO PERSONS IN THE UNITED KINGDOM IN CIRCUMSTANCES WHERE SECTION 21(1) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 DOES NOT APPLY TO THE ISSUER.

In the United Kingdom ("**UK**"), the Prospectus is being distributed only to, and is directed only at, persons (i) who have professional experience in matters relating to investments and who qualify as investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"), and persons falling within Article 49 of the Order, and (ii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as "**relevant persons**"). The Prospectus must not be acted on or relied on in the UK by persons who are not relevant persons. Any investment or investment activity to which the Prospectus relates is available only to relevant persons in the UK and will be engaged in only with such persons.

IMPORTANT – EEA RETAIL INVESTORS – The Securities 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 Markets in Financial Instruments Directive 2014/65/EU (as amended) ("**MiFID II**"); or (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. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – UK RETAIL INVESTORS – The Securities 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 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 the domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, 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 on markets in financial instruments as it forms part of domestic law of the UK by virtue of the EUWA. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Securities 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 ECPS ONLY TARGET MARKET – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Securities has led to the conclusion that: (i) the target market for the Securities is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Securities (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 Securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

SINGAPORE SFA PRODUCT CLASSIFICATION: In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the "SFA") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Securities are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

CONFIRMATION OF YOUR REPRESENTATION: In order to be eligible to view the Prospectus or make an investment decision with respect to the Securities, you must not be in the United States or be, or be acting on behalf

of, a U.S. person (within the meaning of Regulation S under the Securities Act). By accepting the email and accessing the Prospectus, you represent to the Issuer and BofA Securities Europe SA, Citigroup Global Markets Europe AG, and J.P. Morgan SE (the "**Managers**") that:

(i) you are located outside the United States and not a U.S. person (as defined in Regulation S under the Securities Act);

(ii) the electronic mail address to which the Prospectus has been delivered is not located in the United States (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction;

(iii) if you are outside of the EEA or the UK (and the electronic mail addresses that you gave and to which the Prospectus has been delivered are not located in the EEA or the UK), you are a person into whose possession the Prospectus may lawfully be delivered in accordance with the laws of the jurisdiction in which you are located; and

(iv) you consent to delivery of the Prospectus and any amendments or supplements thereto by electronic submission.

The Prospectus has been made available to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither the Issuer, the Managers nor any of their respective affiliates, directors, officers, employees, representatives and agents or any other person controlling any of the foregoing accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version.

You are reminded that the Prospectus has been delivered to you on the basis that you are a person into whose possession the Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver or disclose the contents of the Prospectus, electronically or otherwise, to any other person and in particular to any U.S. Person (as defined in Regulation S under the Securities Act) or to any U.S. address. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions. Any materials relating to the potential offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the potential offering be made by a licensed broker or dealer and any Manager or any affiliate of such Manager is a licensed broker or dealer in that jurisdiction, such offering shall be deemed to be made by such Manager or such affiliate, as the case may be, on behalf of the Issuer in such jurisdiction.

Under no circumstances shall the Prospectus constitute an offer to sell or the solicitation of an offer to buy any Securities in any jurisdiction in which such offer or solicitation would be unlawful. No action has been or will be taken in any jurisdiction by the Issuer or the Managers that would, or is intended to, permit a public offering of the Securities, or possession or distribution of the Prospectus (in preliminary, proof or final form) or any other offering or publicity material relating to the Securities, in any country or jurisdiction where action for that purpose is required.

Recipients of the Prospectus who intend to subscribe for or purchase any Securities are reminded that any subscription or purchase may only be made on the basis of the information contained in the Prospectus in final form.

Neither the Managers nor any of their respective affiliates accepts any responsibility whatsoever for the contents of the Prospectus or for any statement made or purported to be made by any of them, or on any of their behalf, in connection with the Issuer or the offer. The Managers and their respective affiliates accordingly disclaim all and any liability whether arising in tort, contract or otherwise which they might otherwise have in respect of the Prospectus or any such statement. No representation or warranty, express or implied, is made by any of the Managers or their respective affiliates as to the accuracy, completeness, verification or sufficiency of the information set out in the Prospectus.

Neither the Issuer nor any of its affiliates has or assumes responsibility for the lawfulness of the acquisition of the Securities by a prospective investor in the Securities, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

Potential investors are further referred to the section headed "*Prohibition on Marketing and Sales to Retail Investors*" on pages (v) to (vii) of this Prospectus for further information.

The Managers are acting exclusively for the Issuer and no one else in connection with the offer. They will not regard any other person (whether or not a recipient of the Prospectus) as their client in relation to the offer and will not be responsible to anyone other than the Issuer for providing the protections afforded to their clients nor for giving advice in relation to the offer or any transaction or arrangement referred to herein.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Securities are investments in which it may legally invest, (ii) the Securities can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge by it of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators.

You are responsible for protecting against viruses and other destructive items. Your receipt of the electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

The distribution of the Prospectus in certain jurisdictions may be restricted by law. Persons into whose possession the attached document comes are required by the Managers and the Issuer to inform themselves about, and to observe, any such restrictions.

Landsbankinn hf.

(a company incorporated with limited liability in Iceland)

U.S.$100,000,000 Fixed Rate Reset Perpetual Temporary Write Down Additional Tier 1 Securities

Issue Price: 100 per cent.

The U.S.$100,000,000 Fixed Rate Reset Perpetual Temporary Write Down Additional Tier 1 Securities (the "**Securities**") will be issued by Landsbankinn hf. (the "**Issuer**") on 18 February 2025 (the "**Issue Date**").

The Securities will bear interest on their Prevailing Principal Amount (as defined in the terms and conditions of the Securities (the "**Conditions**")) from (and including) the Issue Date at the Interest Rate as provided in Condition 4. Interest will be payable on the Securities semi-annually in arrear on each Interest Payment Date (as defined in the Conditions), commencing on 18 August 2025, provided that the Issuer may elect to cancel any interest payment (in whole or in part) at its sole and full discretion, and must cancel payments of interest (i) in the circumstances described in Condition 5*(b)*, 5*(c)* or 5*(d)* and/or (ii) if and to the extent that such payment could not be made in compliance with the Solvency Condition as defined in Condition 3*(b)*. Any interest which is so cancelled will not accumulate and will not become due or payable at any time thereafter, whether in a Winding-Up (as defined in the Conditions) or otherwise and cancellation thereof shall not constitute a default by the Issuer for any purpose (whether under the Securities or otherwise).

Upon the occurrence of a Trigger Event (as defined in the Conditions), the then Prevailing Principal Amount of each Security shall be automatically and irrevocably Written Down by the relevant Write Down Amount and any interest which is accrued to the relevant Write Down Date (each as defined in the Conditions) and unpaid shall be automatically and irrevocably cancelled (whether or not the same has become due for payment) in accordance with Conditions 6*(a)* and 6*(b)*. Holders of the Securities (the "Holders") may lose some or all of their investment as a result of such a Write Down (as defined in the Conditions). Following such a Write Down, the Issuer may, in certain limited circumstances and at its sole and full discretion, Write Up the Prevailing Principal Amount of each Security, subject to and in accordance with Condition 6*(d)*.

The Securities are perpetual securities with no fixed redemption date, and the Holders have no right to require the Issuer to redeem or purchase the Securities at any time. The Issuer may, in its sole and full discretion but subject to the approval of the Relevant Authority (as defined in the Conditions), satisfaction of the conditions to redemption set out in Condition 7*(b)* and compliance with the Solvency Condition, elect to (a) redeem all (but not some only) of the Securities at their Prevailing Principal Amount, together with interest accrued and unpaid from and including the immediately preceding Interest Payment Date up to (but excluding) the redemption date (i) on any day falling in the period commencing on (and including) 18 February 2030 and ending on (and including) the First Reset Date, or (ii) on any Interest Payment Date thereafter or (iii) at any time if 75 per cent. or more of the aggregate principal amount of the Securities initially issued has been purchased by the Issuer or by any subsidiaries for the Issuer's account and cancelled or (iv) at any time following the occurrence of a Tax Event or a Capital Disqualification Event (in each case, as defined in the Conditions) which is continuing, or (b) repurchase the Securities at any time in accordance with the then prevailing Regulatory Capital Requirements, or (c) substitute all (but not some only) of the Securities for, or vary the terms of the Securities so that they remain or become Compliant Securities.

The Securities are not intended to be offered, sold or otherwise made available and should not be offered, sold or otherwise made available to retail clients in the European Economic Area ("EEA") as defined in the rules set out in the Markets in Financial Instruments Directive 2014/65/EU (as amended, "MiFID II").

The Securities are not intended to be offered, sold or otherwise made available and should not be offered, sold or otherwise made available to retail clients in the United Kingdom ("UK") as defined in the rules set out in Regulation (EU) No 600/2014 as it forms part of domestic law in the UK by virtue of the European Union (Withdrawal) Act 2018 (as amended, the "EUWA") ("UK MiFIR").

Prospective investors in the EEA and the UK are referred to the section headed "*Prohibition on Marketing and Sales to Retail Investors*" on pages (v) to (vii) of this Prospectus for further information.

This Prospectus incorporates by reference, *inter alia*, sections of the Programme Base Prospectus (as defined below) relating to the €2,000,000,000 Euro Medium Term Note Programme of the Issuer, as more fully set out under "Documents Incorporated by Reference".

An investment in the Securities involves certain risks. For a discussion of these risks see "Risk Factors" beginning on page 13 of this Prospectus and also the risks set out in those parts of the section entitled "*Risk Factors*" of the base prospectus of the Issuer dated 14 June 2024 relating to the €2,000,000,000 Euro Medium Term Note Programme (the "Programme Base Prospectus") from and including "*Economic and financial market risk*" to but excluding "*Factors which are material for the purpose of assessing the market risks associated with the Notes*" as set out on pages 9 to 27 of the Programme Base Prospectus which are incorporated herein by reference.

This Prospectus has been approved by the Central Bank of Ireland as competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). The Central Bank of Ireland only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Securities that are subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Securities.

Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") for the Securities to be admitted to the official list of Euronext Dublin (the "**Official List**") and to trading on its regulated market (the "**Regulated Market**"). This Prospectus constitutes a prospectus for the purpose of the Prospectus Regulation. References in this Prospectus to Securities being "listed" (and all related references) shall mean that the Securities have been admitted to the Official List and to trading on the Regulated Market.

The Securities will be issued in registered form and available and transferable in minimum amounts of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof. The Securities will be initially represented by a global certificate in registered form (the "**Global Certificate**") and will be registered in the name of a nominee of a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**" and, together with Euroclear, the "**Clearing Systems**").

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and are subject to U.S. tax law requirements. Subject to certain exemptions, Securities may not be offered, sold or delivered within the United States or to United States persons.

The Issuer has been rated BBB+ (positive outlook) by S&P Global Ratings Europe Limited ("**S&P**"). The Securities are expected to be rated BB by S&P. S&P is a credit rating agency established in the European Union and registered under Regulation (EC) No 1060/2009 (as amended) (the "**EU CRA Regulation**"). S&P appears on the latest update of the list of registered credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs in accordance with the EU CRA Regulation.

S&P is not established in the UK, but the ratings issued by S&P have been endorsed by S&P Global Ratings UK Limited in accordance with Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA (the "**UK CRA Regulation**") and have not been withdrawn. As such, the rating issued by S&P may be used for regulatory purposes in the UK in accordance with the UK CRA Regulation.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning credit rating agency.

Joint Lead Managers

BofA Securities **Citigroup** **J.P. Morgan**

Structuring Agent

Citigroup

The date of this Prospectus is 14 February 2025

IMPORTANT INFORMATION

This Prospectus comprises a prospectus in respect of the Securities for the purposes of the Prospectus Regulation.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus will be valid for a year from 14 February 2025. The obligation to supplement the Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply when the Prospectus is no longer valid. For this purpose, "valid" means valid for making offers to the public or admissions to trading on a regulated market by or with the consent of the Issuer and the obligation to supplement the prospectus is only required within its period of validity between the time when the Prospectus is approved and the closing of the offer period for the Securities or the time when trading on the Regulated Market begins, whichever occurs later.

This Prospectus is to be read in conjunction with all the documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Prospectus shall be read and construed on the basis that such documents are so incorporated and form part of this Prospectus.

To the fullest extent permitted by law, none of the Managers accepts any responsibility for the contents of this Prospectus or for any other statement, made or purported to be made by the Managers or on its behalf in connection with the Issuer or the issue and offering of the Securities. Each of the Managers accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus or any other financial statements or further information supplied pursuant to the terms of the Securities and, if given or made, such information or representation must not be relied upon as having been authorised by either the Issuer or any of the Managers.

Neither this Prospectus nor any other financial statements nor any further information supplied pursuant to the terms of the Securities is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation, or constituting an invitation or offer, by or on behalf of either the Issuer or any of the Managers, that any recipient of this Prospectus or any other financial statements or any further information supplied pursuant to the terms of the Securities should subscribe for or purchase any of the Securities. Each investor contemplating purchasing Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

The delivery of this Prospectus does not at any time imply that the information contained herein concerning the Issuer and its subsidiaries is correct at any time subsequent to the date hereof or that any other financial statements or any further information supplied pursuant to the terms of the Securities is correct as of any time subsequent to the date indicated in the document containing the same. The Managers expressly do not undertake to review the financial condition or affairs of the Group during the life of the Securities.

The distribution of this Prospectus and the offering, sale and delivery of the Securities in certain jurisdictions may be restricted by law. The Issuer and the Managers do not represent that this Prospectus may be lawfully distributed, or that Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Managers which is intended to permit a public offering of the Securities or distribution of this

Prospectus in any jurisdiction where action for that purpose is required. Accordingly, the Securities may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

Neither the Issuer nor any of its affiliates has or assumes responsibility for the lawfulness of the acquisition of the Securities by a prospective investor in the Securities, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

Potential investors are further referred to the section headed "*Prohibition on Marketing and Sales to Retail Investor*s" on pages (v) to (vii) of this Prospectus for further information.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Securities are investments in which it may legally invest, (ii) the Securities can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge by it of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators.

Persons into whose possession this Prospectus or the Securities may come must inform themselves about, and observe, any restrictions on the distribution of this Prospectus and the offering and sale of the Securities.

An investment in the Securities is not an equivalent to an investment in a bank deposit. Although an investment in the Securities may give rise to higher yields than a bank deposit placed with a member of the Group, an investment in the Securities carries risks which are very different from the risk profile of such a deposit. Unlike a bank deposit, the Securities are transferrable. However, the Securities may have no established trading market when issued, and one may never develop.

The Securities have not been and will not be registered under the Securities Act. Subject to certain exemptions, Securities may not be offered or sold within the United States or to United States persons. For a description of certain restrictions on offers and sales of the Securities and on distribution of this Prospectus, see "*Subscription and Sale*".

Any information sourced from third parties contained in this Prospectus has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Presentation of Information

In this Prospectus, all references to:

- the "**Group**" (other than in the Conditions) are to the Issuer and its consolidated subsidiaries, taken as a whole;
- a "**Member State**" are references to a Member State of the EEA;
- "**U.S.$**" or "**U.S. dollar**" are to the currency of the United States of America;
- "**euro**", "**€**" and "**EUR**" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended;
- "**ISK**" or "**krona**" are to Icelandic Krona, the currency of Iceland;
- "**Iceland**" are to the Republic of Iceland; and

- the "**EU**" are to the European Union.

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Prohibition on Marketing and Sales to Retail Investors

1. The Securities are complex financial instruments. They are not a suitable or appropriate investment for all investors, especially retail investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Securities. Potential investors in the Securities should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Securities (or any beneficial interests therein), including COBS (as defined below) and the HKMA Circular (as defined below).

2. (a) In the United Kingdom (the "**UK**"), the Financial Conduct Authority ("**FCA**") Conduct of Business Sourcebook ("**COBS**") requires, in summary, that the Securities should not be offered or sold to retail clients (as defined in COBS 3.4 and each a "**retail client**") in the UK.

   (b) In addition, in October 2018, the Hong Kong Monetary Authority (the "**HKMA**") issued guidance on enhanced investor protection measures on the sale and distribution of debt instruments with loss absorption features (such as the Securities described in the Prospectus) and related products (the "**HKMA Circular**"). Under the HKMA Circular, debt instruments with loss absorption features, being subject to the risk of being written-down or converted to ordinary shares, and investment products that invest mainly in, or whose returns are closely linked to the performance of such instruments (together, "**Loss Absorption Products**"), are to be targeted in Hong Kong at professional investors (as defined in the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and its subsidiary legislation, "**Professional Investors**") only and are generally not suitable for retail investors in either the primary or secondary markets.

   Investors in Hong Kong should not purchase the Securities in the primary or secondary markets unless they are Professional Investors and understand the risks involved. The Securities are generally not suitable for retail investors.

   (c) Certain of the Managers (as defined herein) and the Issuer are required to comply with COBS and/or the HKMA Circular.

   (d) By purchasing, or making or accepting an offer to purchase, any Securities (or a beneficial interest in such Securities) from the Issuer and/or any of the Managers, you represent, warrant, agree with and undertake to the Issuer and each of the Managers that:

      (i) you are not a retail client in the UK;

      (ii) if you are in Hong Kong, you are a Professional Investor; and

      (iii) whether or not you are subject to COBS or the HKMA Circular, you will (a) not sell or offer the Securities (or any beneficial interest therein) to retail clients in the UK or to a retail investor in Hong Kong; or (b) communicate (including the distribution of the Prospectus) or approve an invitation or inducement to participate in, acquire or underwrite the Securities (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the UK or any customer in Hong Kong who is not a Professional Investor.

   (e) In selling or offering the Securities (or any beneficial interests therein) or making or approving communications relating to the Securities (or any beneficial interests therein), you may not rely on the limited exemptions set out in COBS.

3. The obligations in paragraph 2 above are in addition to the need to comply at all times with all other applicable laws, regulations and regulatory guidance (whether inside or outside the EEA or the UK) relating to the promotion, offering, distribution and/or sale of the Securities (or any beneficial interests therein), whether or not specifically mentioned in this Prospectus, including (without limitation) any requirements under the MiFID II, the UK FCA Handbook or the HKMA Circular as to determining the appropriateness and/or suitability of an investment in the Securities (or any beneficial interests therein) for investors in any relevant jurisdiction.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Securities (or any beneficial interests therein) from the Issuer and/or the Managers, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client.

Prohibition of Sales to EEA Retail Investors – The Securities 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 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 MiFID II; or (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.

Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities 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 Securities 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 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 in the UK by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Securities 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 ECPs only target market – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Securities has led to the conclusion that: (i) the target market for the Securities is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Securities (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 Securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

Singapore Securities and Futures Act Product Classification – In connection with Section 309B of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**") and the

Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Securities are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Notice to Investors in Canada – The Securities may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Securities must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment hereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

The Securities are complex financial instruments

The Securities are complex financial instruments and such instruments may be purchased by investors as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. Each potential investor in the Securities should determine the suitability of such investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Prospectus;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including where such potential investor's financial activities are principally denominated in a currency other than the specified currency of the Securities, and the possibility that the entire principal amount of the Securities could be lost, including following the exercise of any bail-in power by the resolution authorities or a Write Down of the Securities;

(iv) understand thoroughly the terms of the Securities, such as the provisions governing Write Down (including, in particular, the CET1 Ratio of the Issuer and the CET1 Ratio of the Issuer Group (each as defined in Condition 19), as well as under what circumstances a Trigger Event will occur), and be familiar with the behaviour of any relevant indices and financial markets, including the possibility that the Securities may become subject to write down or conversion if the Issuer should become non-viable; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

None of the Managers or the Issuer makes any representation to any investor in the Securities regarding the legality of its investment under any applicable laws. Any investor in the Securities should be able to bear the economic risk of an investment in the Securities for an indefinite period of time.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) the Securities are legal investments for it; (ii) the Securities can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its purchase or pledge of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Securities under any applicable risk-based capital or similar rules.

Cautionary statement regarding forward looking statements

This Prospectus (including any information incorporated by reference herein) contains forward looking statements that reflect the Issuer's intentions, beliefs or current expectations and projections about its future business, results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which it operates. They include statements concerning the Issuer's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward looking statements. When used in this Prospectus (including any information incorporated by reference herein), the words "anticipates", "estimates", "projects", "expects", "believes", "hopes", "intends", "plans", "aims", "seeks", "may", "will", "would", "could", "should", and any similar expressions generally identify forward looking statements. These forward looking statements are contained in the section entitled "*Risk Factors*" of this Prospectus, those risk factors in the Programme Base Prospectus incorporated by reference herein and other sections of this Prospectus.

The Issuer has based these forward looking statements on the current view of its management with respect to future events and financial performance, taking into account information currently available to the Issuer. Although the Issuer believes that the expectations, estimates and projections reflected in its forward looking statements are reasonable as of the date of this Prospectus, if one or more of the risks or uncertainties materialise, including those which the Issuer has identified in this Prospectus (including any information incorporated by reference herein), or if any of the Issuer's underlying assumptions prove to be incomplete or inaccurate, the Issuer's actual results of operation may vary from those expected, estimated or predicted. The Issuer's beliefs, assumptions and expectations can change as a result of possible events or factors, not all of which are known to the Issuer or are within its control. If a change occurs, the Issuer's business, results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies or opportunities may vary materially from those expressed in, or suggested by, these forward looking statements.

Any forward looking statements contained in this Prospectus (including any information incorporated by reference herein) speak only as at the date of this Prospectus. Without prejudice to any requirements under applicable laws and regulations, the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of this Prospectus any updates or revisions to any forward looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any such forward looking statement is based.

Stabilisation

In connection with the issue of the Securities, Citigroup Global Markets Europe AG as stabilisation manager (the "**Stabilisation Manager**") (or persons acting on behalf of the Stabilisation Manager) may over-allot Securities or effect transactions with a view to supporting the market price of the Securities at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the

Securities is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Securities and 60 days after the date of the allotment of the relevant Securities. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager (or persons acting on behalf of the Stabilisation Manager) in accordance with all applicable laws and rules.

TABLE OF CONTENTS

Page

OVERVIEW OF THE PRINCIPAL FEATURES OF THE SECURITIES

*The following overview provides an overview of certain provisions of the conditions of the Securities and is qualified by the more detailed information contained elsewhere in this Prospectus. Any investor should carefully read this Prospectus in full before investing, including "Risk Factors" in this Prospectus and the risk factors incorporated by reference from the Programme Base Prospectus, the audited or reviewed consolidated financial statements of the Issuer incorporated by reference in this Prospectus and the Conditions. Capitalised terms which are defined in the "Terms and Conditions of the Securities" (the "**Conditions**") have the same meaning when used in this overview. References to numbered Conditions are to the Conditions.*

Issuer:	Landsbankinn hf.
Legal Entity Identifier (LEI):	549300TLZPT6JELDWM92
Principal Paying Agent, Fiscal Agent, Transfer Agent, Agent Bank:	Citibank, N.A., London Branch
Registrar:	Citibank Europe PLC
Securities:	U.S.$100,000,000 Fixed Rate Reset Perpetual Temporary Write Down Additional Tier 1 Securities (the "**Securities**").
Risk factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Securities. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Securities and certain risks relating to the structure of the Securities. These are set out in the section entitled "*Risk Factors*" and those risk factors in the Programme Base Prospectus incorporated by reference herein.
Status of the Securities:	The Securities will constitute direct, unsecured, unguaranteed and subordinated obligations of the Issuer and rank *pari passu*, without any preference, among themselves.
Rights on a Winding-Up:	The rights and claims of Holders in the event of a Winding-Up are described in Conditions 3 and 9. In any Winding-Up, the claims of Holders will rank junior to all present or future claims of Senior Creditors, being creditors who are unsubordinated creditors of the Issuer and those whose claims are subordinated other than those who rank *pari passu* with, or junior to, the claims of Holders.
Solvency Condition:	Except in the event of a Winding-Up, all payments in respect of or arising from (including any damages awarded for breach of any obligations under) the Securities are conditional upon the Issuer being solvent at the time of payment by the Issuer and no principal, interest or any other amount shall be due and payable

	in respect of or arising from the Securities except to the extent that the Issuer could make such payment and still be solvent immediately thereafter (the "**Solvency Condition**").
No set-off, etc.:	As described in Condition 3*(d)*, subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation, counterclaim, netting or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Securities and each Holder shall, by virtue of its holding of any Security (or any beneficial interest therein), be deemed, to the fullest extent permitted under applicable law, to have waived all such rights of set-off, compensation, counterclaim, netting or retention.
Interest:	The Securities will bear interest on their Prevailing Principal Amount from (and including) the Issue Date at the applicable Interest Rate as provided in Condition 4 of the Conditions. Interest on the Securities shall be payable semi-annually in arrear on 18 February and 18 August of each year (each an "**Interest Payment Date**"), commencing on 18 August 2025.
Optional cancellation of interest:	The Issuer may in its sole and absolute discretion at any time elect to cancel any interest payment in whole or in part, which is scheduled to be paid on any date. See Condition 5*(a)* for further information. If a Capital Disqualification Event occurs and the Securities are no longer eligible to comprise (in whole and not, for the purposes of this provision, part only) Additional Tier 1 Capital and the Issuer has delivered to the Principal Paying Agent a certificate signed by two Directors certifying that a Capital Disqualification Event has occurred and the Securities are no longer eligible to comprise (in whole and not, for the purposes of this provision, part only) Additional Tier 1 Capital, (A) the Issuer shall not, to the extent permitted under then prevailing Regulatory Capital Requirements, exercise its discretion pursuant to Condition 5(*a*) to cancel any interest payment, in whole or in part, which is scheduled to be paid on an Interest Payment Date following the occurrence of such Capital Disqualification Event, and (B) the Issuer shall give notice to the Holders in accordance with Condition 15 as soon as reasonably practicable after such occurrence stating that the Issuer may no longer exercise its

	discretion pursuant to Condition 5(*a*) to cancel any interest payments as from the date of such notice. See Condition 5*(a)* for further information.
Mandatory cancellation of interest – Insufficient Distributable Items:	To the extent required under then prevailing Regulatory Capital Requirements, interest otherwise due to be paid on any date will not become due or payable (in whole or, as the case may be, in part), and the relevant payment will be deemed cancelled and will not be made, if and to the extent that such interest payment otherwise due (together with any Additional Amounts payable thereon pursuant to Condition 10, if applicable), together with any interest payments or other distributions which have been paid or made or which are scheduled to be paid or made during the then current Financial Year on the Securities and all other own funds instruments of the Issuer (excluding any such interest payments or other distributions which (i) are not required to be made out of Distributable Items or (ii) have already been provided for, by way of deduction, in the calculation of Distributable Items) in aggregate, would exceed the amount of Distributable Items of the Issuer as at such date. See Condition 5*(b)* for further information.
Mandatory cancellation of interest – Maximum Distributable Amount:	To the extent required under then prevailing Regulatory Capital Requirements, interest otherwise due to be paid on any date will not become due or payable (in whole or, as the case may be, in part), and the relevant payment will be deemed cancelled and will not be made, to the extent that the amount of such interest payment otherwise due (together with any Additional Amounts payable thereon pursuant to Condition 10, if applicable), together with other distributions of the kind referred to in Article 141(2) of the CRD Directive (or any provision of applicable law, transposing or implementing Article 141(2) of the CRD Directive as amended or replaced) or referred to in any other applicable provisions of the Regulatory Capital Requirements which require a maximum distributable amount to be calculated and which are required under prevailing Regulatory Capital Requirements to be taken into account for this purpose, in aggregate would cause the Maximum Distributable Amount (if any) then applicable to the Issuer or the Issuer Group to be exceeded. "**Maximum Distributable Amount**" means any applicable maximum distributable amount relating to

	the Issuer or the Issuer Group required to be calculated in accordance with Article 141 of the CRD Directive (or any provision of applicable law transposing or implementing Article 141 of the CRD Directive, as amended or replaced) or in accordance with any other applicable provisions of the Regulatory Capital Requirements which require a maximum distributable amount to be calculated if the Issuer or the Issuer Group are failing to meet any applicable requirement or any buffers relating to such requirement. See Condition 5*(c)* for further information. Payments of interest are also subject to the Solvency Condition (see "*Solvency Condition*" above). Following the occurrence of a Trigger Event, the Issuer will also cancel all interest accrued and unpaid up to (but excluding) the Write Down Date (see "*Write Down following a Trigger Event*" below).
Mandatory Cancellation of Interest – Relevant Authority Order:	Interest otherwise due on an Interest Payment Date will not be due (in whole or, as the case may be, in part), and the relevant payment will be deemed cancelled and will not be made, to the extent the Relevant Authority orders the Issuer to cancel such payment or such payment would otherwise be prohibited by applicable law or regulation.
Non-cumulative interest:	If the payment of interest on a scheduled payment date is cancelled in accordance with the Conditions as described above, the Issuer shall not have any obligation to make such interest payment on such date and the failure to pay such amount of interest or part thereof shall not constitute a default of the Issuer for any purpose (whether under the Securities or otherwise). Any such interest will not accumulate and will not become due or payable at any time thereafter and holders of the Securities shall have no right thereto whether in a Winding-Up or otherwise, or to receive any additional interest or other compensation as a result of any such cancelled payment of interest.
Write Down following a Trigger Event:	If, at any time, it is determined that either Trigger Event has occurred: (a) the Issuer shall (unless the determination was made by the Relevant Authority), immediately, inform the Relevant Authority of the occurrence of the relevant Trigger Event;

(b) the Issuer shall, as soon as reasonably practicable, give the relevant Trigger Event Notice which notice shall be irrevocable;

(c) any interest which is accrued to the relevant Write Down Date and unpaid shall be automatically and irrevocably cancelled (whether or not the same has become due for payment); and

(d) the then Prevailing Principal Amount of each Security shall be automatically and irrevocably reduced by the relevant Write Down Amount.

"**Trigger Event**" means either: (a) the CET1 Ratio of the Issuer having fallen below 5.125 per cent. and/or (b) the CET1 Ratio of the Issuer Group having fallen below 5.125 per cent.

See Condition 6*(a)* for further information.

Write Up of the Securities at the Discretion of the Issuer:

To the extent permitted or required under the then prevailing Regulatory Capital Requirements and subject to any Maximum Distributable Amount (when the amount of the Write Up is aggregated together with (x) any other relevant distributions of the kind referred to in Article 141(2) of the CRD Directive (or any provision of applicable law transposing or implementing Article 141(2) of the CRD Directive as amended or replaced), or any other applicable provisions of the Regulatory Capital Requirements which require a maximum distributable amount to be calculated and which are required under prevailing Regulatory Capital Requirements to be taken into account for this purpose and (y) the requirements of Article 21.2(f) of the CRD Supplementing Regulation, as amended or replaced) not being exceeded thereby, the Issuer shall have full discretion to reinstate any portion of the principal amount of each Security which has been Written Down and which has not previously been Written Up (such portion, the "**Write Up Amount**"), up to a maximum of its Initial Principal Amount, on a *pro rata* basis and without any preference among themselves and to the extent permitted or required under then prevailing Regulatory Capital Requirements on a *pro rata* basis with the write up of all Written Down Additional Tier 1 Instruments (if any), provided that the sum of:

(a) the aggregate amount of the relevant Write Up on all the Securities on the Write Up Date;

	(b) the aggregate amount of any other Write Up on the Securities since the Specified Date and prior to the Write Up Date; (c) the aggregate amount of any interest payments paid on the Securities since the Specified Date and which accrued on the basis of a Prevailing Principal Amount which is less than the Initial Principal Amount; (d) the aggregate amount of the increase in principal amount of each Written Down Additional Tier 1 Instrument at the time of the relevant Write Up; (e) the aggregate amount of any other increase in principal amount of each Written Down Additional Tier 1 Instrument since the Specified Date and prior to the time of the relevant Write Up; and (f) the aggregate amount of any interest payments paid on all Loss Absorbing Instruments since the Specified Date and which accrued on the basis of a prevailing principal amount which is less than its initial principal amount, does not exceed the Maximum Write Up Amount. See Condition 6*(d)* for further information.
Maturity:	The Securities are perpetual securities with no fixed redemption date. The Securities may only be redeemed or repurchased by the Issuer in the circumstances below (as more fully described in Condition 7).
Optional redemption:	The Issuer may, in its sole and full discretion but subject to the conditions set out under "*Conditions to redemption, substitution or variation etc.*" below, having given not less than five nor more than 60 days' notice to the Holders in accordance with Condition 15, redeem all (but not some only) of the Securities on any day falling in the period commencing on (and including) 18 February 2030 and ending on (and including) the First Reset Date or on any Interest Payment Date thereafter, in each case at their Prevailing Principal Amount, together with interest accrued and unpaid from and including the immediately preceding Interest Payment Date to but excluding the date fixed for redemption.
Clean-up Call Option:	If 75 per cent. or more of the aggregate principal amount of Securities originally issued (and, for these purposes any Further Securities issued pursuant to Condition 16 will be deemed to have been originally issued and any Write Down and/or Write Up of the principal amount of the Securities shall be ignored) has

	been purchased by the Issuer or by any of its subsidiaries for the Issuer's account and cancelled, then the Issuer may, subject to the conditions set out under "*Conditions to redemption, substitution or variation etc.*" below, having given not less than five nor more than 60 days' notice to the Holders in accordance with Condition 15, elect to redeem at any time (whether before or following 18 February 2030) all (but not some only) of the Securities at their Principal Prevailing Amount, together with interest accrued and unpaid from and including the immediately preceding Interest Payment Date to but excluding the date fixed for redemption.
Redemption, substitution or variation following a Tax Event, a Capital Disqualification Event or, as applicable, an Alignment Event:	The Issuer may, in its sole and full discretion but subject to the conditions set out under "*Conditions to redemption, substitution or variation etc.*" below, having given not less than five nor more than 60 days' notice to the Holders in accordance with Condition 15, redeem all (but not some only) of the Securities at any time if a Tax Event or a Capital Disqualification Event (each as defined in the Conditions) has occurred and is continuing, in each case, at their Prevailing Principal Amount together with interest accrued and unpaid (excluding interest that has been cancelled in accordance with the Conditions) from and including the immediately preceding Interest Payment Date up to but excluding the date fixed for redemption (as more fully described in Condition 7). If a Tax Event, a Capital Disqualification Event or an Alignment Event has occurred and is continuing or in order to ensure the effectiveness and enforceability of Condition *18(d)*, then the Issuer may, subject to the conditions summarised under "*Conditions to redemption, substitution or variation etc.*" below, having given not less than five nor more than 60 days' notice to the Holders in accordance with Condition 15, but without any requirement for the consent or approval of the Holders, at any time (whether before or following 18 February 2030) either substitute all (but not some only) of the Securities for, or vary the terms of the Securities so that they remain or, as appropriate, become, Compliant Securities.
Conditions to redemption, substitution or variation etc.:	The Securities may only be redeemed, purchased, substituted or modified (as applicable) pursuant to Condition 7 or 13, as the case may be, if: (a) the Issuer has obtained prior Supervisory Permission therefor and such Supervisory

Permission has not been revoked by the relevant date of such redemption, substitution, variation or purchase;

(b) in the case of redemption or purchase of any Securities, either: (A) the Issuer has (or will, on or before the relevant redemption or purchase date, have), replaced the Securities with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or, save in the case of Condition 7*(b)(v)(A)*, (B) the Issuer has demonstrated to the satisfaction of the Relevant Authority that the own funds and eligible liabilities of the Issuer or the Issuer Group would, following such redemption or purchase, exceed its minimum applicable capital and eligible liabilities requirements (including any applicable buffer requirements) by a margin (calculated in accordance with the prevailing Regulatory Capital Requirements) that the Relevant Authority considers necessary at such time;

(c) in the case of any redemption of the Securities prior to the fifth anniversary of the Reference Date upon the occurrence of a Tax Event, the Issuer has demonstrated to the satisfaction of the Relevant Authority that the change in tax treatment is material and was not reasonably foreseeable as at the Reference Date;

(d) in the case of any redemption of the Securities prior to the fifth anniversary of the Reference Date upon the occurrence of a Capital Disqualification Event, the Issuer has demonstrated to the satisfaction of the Relevant Authority that the relevant change in the regulatory classification of the Securities was not reasonably foreseeable as at the Reference Date; and

(e) in the case of any redemption or purchase of the Securities prior to the fifth anniversary of the Reference Date pursuant to Condition 7*(f)* or Condition 7*(h)*, respectively, either (A) the Issuer has (or will, on or before the relevant redemption or purchase date, have) replaced the Securities with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer, and the Relevant Authority having permitted such action on the basis of the determination that it would be beneficial from a prudential point of view and justified by

	exceptional circumstances or (B) the relevant Securities are being redeemed or purchased for market-making purposes in accordance with applicable Regulatory Capital Requirements (including (a) Supervisory Permission having been obtained (where required) and (b) in the case of such a purchase pursuant to Condition *7(h)*, the total principal amount of the Securities so purchased not exceeding the predetermined amount permitted from time to time to be purchased for market making purposes). Further, if at the time of any redemption, substitution, variation or purchase, the prevailing Regulatory Capital Requirements permit the repayment, substitution, variation or purchase only after compliance with one or more alternative or additional pre-conditions to those set out above, the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s). In addition, if the Issuer has elected to redeem, substitute or vary the terms of the Securities, or if the Issuer (or any other person for the Issuer's account) has entered into an agreement to purchase any Securities and either (i) (in the case of a redemption or purchase) the Solvency Condition is not satisfied in respect of the relevant payment on the date scheduled for redemption or purchase, or (ii) prior to redemption, purchase, substitution or variation of the Securities, a Trigger Event occurs, then the relevant redemption, substitution or variation notice, or as the case may be, the relevant purchase agreement, shall be automatically rescinded and shall be of no force and effect.
Purchase of the Securities:	The Issuer may, subject to Condition 7*(b)*, in those circumstances permitted by Regulatory Capital Requirements, at any time purchase (or otherwise acquire) or procure others to purchase (or otherwise acquire) beneficially for its account, Securities in any manner and at any price.
Withholding tax and Additional Amounts:	All payments of principal, interest and any other amounts by or on behalf of the Issuer in respect of the Securities shall (subject always to Condition 3*(b)*, Condition 5, Condition 6 and Condition 7*(b)*) be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed

	by the Relevant Jurisdiction, unless such withholding or deduction is required by law. In that event, in respect of payments of interest (but not principal or any other amount) the Issuer will (subject as aforesaid) pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Holders of such amounts as would have been received by them in respect of payment of interest had no such withholding or deduction been required. Notwithstanding any other provision of the Conditions, any amounts to be paid on the Securities by or on behalf of the Issuer shall be made net of any deduction or withholding imposed or required pursuant to FATCA (as defined in Condition 8*(b)*).
Non-Payment:	If the Issuer has not made payment of any amount in respect of the Securities for a period of five days (in respect of principal) or 10 days (in respect of interest) or more after the date on which such payment is due, the Issuer shall be deemed to be in default under the Securities and any of the Holders may institute proceedings for the winding-up of the Issuer. Each Holder may prove and/or claim in any Winding-Up (whether or not instituted by any Holder) and shall have such claim being as contemplated in Condition 3*(c)*. See Condition 9*(a)* for further information.
Enforcement:	Any Holder may, at its discretion and without notice, institute such steps, actions or proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Securities (other than any payment obligation), provided that in no event shall the Issuer, by virtue of the institution of any such steps, actions or proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it pursuant to the Conditions. See Condition 9*(b)* for further information.
Meeting of Holders:	The Agency Agreement will contain provisions for convening meetings of Holders to consider any matter affecting their interests, pursuant to which defined majorities of the Holders may consent to the modification or abrogation of any of the Conditions and any such modification or abrogation shall be binding on all Holders.
Use of proceeds:	The net proceeds of the issue of the Securities will be used by the Issuer for general corporate purposes.

Form:	The Securities will be issued in registered form. The Securities will be initially represented by a Global Certificate which is registered in the name of a nominee of a common depositary for the Clearing Systems.
Denomination:	U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.
Clearing systems:	Euroclear and Clearstream, Luxembourg.
Listing:	Application has been made for the Securities to be admitted to listing on the Official List and to trading on the Regulated Market.
Governing law:	The Securities and the Agency Agreement, and any non-contractual obligations arising out of or in connection with the Securities and/or the Agency Agreement, will be governed by, and construed in accordance with, the laws of England, save that the provisions of Condition 3 relating to the subordination of the Securities and set-off (and the definitions related thereto set out in the Conditions) are governed by, and shall be construed in accordance with, the laws of Iceland.
Submission to jurisdiction:	The Issuer will irrevocably agree for the benefit of the Holders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Agency Agreement and/or the Securities (other than Condition 3 relating to the subordination of the Securities and set-off (and any definitions related thereto set out in the Conditions), in respect of which the courts of Iceland shall have jurisdiction) (including a dispute relating to any non-contractual obligations arising out of or in connection with the Agency Agreement or the Securities).
Statutory Loss Absorption:	The Securities will be subject to Icelandic Statutory Loss Absorption Powers, as described in Condition 18*(d)*.
Rating:	The Securities are expected to be rated BB by S&P, which is a credit rating agency established in the European Union and registered under the EU CRA Regulation. S&P appears on the latest update of the list of registered credit rating agencies on the ESMA website http://www.esma.europa.eu/page/List-registered-and-certified-CRAs. S&P is not established in the UK but the ratings issued by S&P have been endorsed by S&P Global Ratings UK Limited in accordance with the UK CRA Regulation. As such, the rating issued by S&P may be used for regulatory

	purposes in the UK in accordance with the UK CRA Regulation. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning credit rating agency.
Selling Restrictions:	There are certain restrictions on offers, sales and deliveries of Securities and on the distribution of offering materials in the United States, the EEA (including Iceland), the United Kingdom, Italy, Switzerland, Japan, Hong Kong, Canada and Singapore (see the section entitled "*Subscription and Sale*").
ISIN:	XS2936712905
Common Code:	293671290

RISK FACTORS

Investing in the Securities involves certain risks. If any of the risks described below (or incorporated herein by reference from pages 9 to 27 of the Programme Base Prospectus, as if references to "Notes" are references to "Securities") materialise, the Group's business, financial condition and results of operations could suffer, and the trading price and liquidity of the Securities could decline, in which case an investor may lose some or all of the value of its investment. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Securities, but it may be unable to pay interest, principal or other amounts on or in connection with the Securities for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate and the Issuer does not represent that the statements below regarding the risks of holding the Securities are exhaustive.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any information incorporated by reference herein) and reach their own views prior to making any investment decision.

Capitalised terms which are defined in the Conditions or elsewhere in this Prospectus have the same meaning when used in these risk factors.

Risks Relating to the Securities

1 *The obligations of the Issuer in respect of the Securities are unsecured and deeply subordinated*

The Securities constitute unsecured and subordinated obligations of the Issuer.

On a Winding-Up, all claims in respect of the Securities will, subject to any mandatory provisions of Icelandic law applicable from time to time, rank junior to all present or future claims of all Senior Creditors. If, on a Winding-Up, the assets of the Issuer are insufficient to enable the Issuer to repay the claims of more senior-ranking creditors in full, the Holders will lose their entire investment in the Securities. If there are sufficient assets to enable the Issuer to pay the claims of senior-ranking creditors in full but insufficient assets to enable it to pay claims in respect of its obligations in respect of the Securities and all other claims that rank *pari passu* with the Securities, Holders will lose some (which may be substantially all) of their investment in the Securities. In addition, any claim in respect of the Securities will be for the Prevailing Principal Amount of the Securities held by a Holder, which, if the Securities have been Written Down and not subsequently Written Up at the time of claim, will be less than par.

For the avoidance of doubt, the holders of the Securities shall, in a Winding-Up, have no claim to share with the ordinary shareholders in respect of the surplus assets (if any) of the Issuer remaining in any Winding-Up following payment of all amounts due in respect of the liabilities of the Issuer including the Securities.

Although the Securities may pay a higher rate of interest than Securities which are not subordinated, there is a substantial risk that investors in the Securities will lose all or some of the value of their investment should the Issuer become insolvent.

2 *There are no events of default under the Securities and rights of enforcement are limited*

The Conditions will not provide for events of default allowing acceleration of the Securities. Accordingly, if the Issuer fails to make a payment that has become due under the Securities, investors will not have the right to accelerate the Prevailing Principal Amount of the Securities. Upon a payment default by the Issuer, the sole remedy against the Issuer available to any Holder will be to institute proceedings for the Winding-Up. Any Holder may claim in any Winding-Up (whether or not such Winding-Up is instituted by any Holder) and claim in such Winding-Up for the amounts provided, and subject to the limitations in respect of ranking outlined, in Condition 3*(c)*, but may take no other or further action to enforce, prove or claim for such payment. The Issuer (other than in a Winding-Up) will not be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

3 ***The Issuer may at any time elect, and in certain circumstances shall be required, not to make interest payments on the Securities***

The Issuer may in its sole and absolute discretion at any time elect to cancel any interest payment, in whole or in part, on the Securities which would otherwise be due to be paid on any date. Additionally, the Relevant Authority has the power under Article 107(a)(3) of the Act on Financial Undertakings to restrict or prohibit payments by an issuer of interest to holders of Additional Tier 1 instruments (such as the Securities).

Furthermore, interest otherwise due on any date will not become due or payable (in whole or, as the case may be, in part), and the relevant payment will be deemed cancelled and will not be made, to the extent that payment of such interest would: (i) together with other specified interest payments or distributions, exceed the amount of Distributable Items of the Issuer as at such date, (ii) result in the Solvency Condition not being satisfied with respect to payment of such interest amount (or part thereof), or (iii) together with other distributions of the kind referred to in Article 141(2) of the CRD Directive (or any provision of applicable law, transposing or implementing Article 141(2) of the CRD Directive, as amended or replaced) or referred to in any other applicable provisions of the Regulatory Capital Requirements which require a maximum distributable amount to be calculated and which are required under prevailing Regulatory Capital Requirements to be taken into account for this purpose, in aggregate would cause the Maximum Distributable Amount (if any) then applicable to the Issuer or the Issuer Group to be exceeded.

It is the Issuer's intention that, whenever exercising its discretion to declare any distribution in respect of its ordinary shares, or its discretion to cancel interest on the Securities or any other Additional Tier 1 instruments (such as the Securities), it will take into account the relative ranking of these instruments in its capital structure. The Issuer reserves the right to depart from this intention at its sole discretion at any time and in any circumstance.

Further legislation changes in the EU, which may subsequently be implemented in Iceland, may include additional cancellation features that will require the Issuer to cancel interest amounts, such as breaching MREL requirements subject to a potential nine-month grace period whereby the resolution authority assesses on a monthly basis whether to exercise its powers under the provision before such resolution authority is obliged to exercise its powers under the provisions (subject to certain limited exceptions). In addition, if either Trigger Event occurs, any interest which is accrued to the relevant Write Down Date and unpaid shall be automatically and irrevocably cancelled.

With respect to cancellation of interest due to insufficient Distributable Items, see also Risk Factor 4 "*—The level of the Issuer's Distributable Items is affected by a number of factors and insufficient Distributable Items will restrict the ability of the Issuer to make interest payments on the Securities*" below. With respect to cancellation of interest due to the application of a Maximum Distributable Amount, see also Risk Factor 5 "*—CRD includes capital requirements that are in addition to the minimum capital requirement. These additional capital requirements will restrict the Issuer from making interest payments on the Securities in certain circumstances, in which case the Issuer will automatically cancel such interest payments*" below. With respect to the CET1 Ratios (as defined in the Conditions), see also Risk Factor 8 "*—The circumstances surrounding or triggering a Write Down are unpredictable, and there are a number of factors that could affect the CET1 Ratios*" and Risk Factor 9 "*—The CET1 Ratios will be affected by the Group's business decisions and, in making such decisions, the Group's interests may not be aligned with those of the holders of the Securities*" below.

Any interest not so paid on any relevant scheduled payment date shall be cancelled, shall not accumulate and will not become due and payable at any time thereafter. A cancellation of interest in accordance with the Conditions will not constitute a default of the Issuer under the Securities for any purpose (whether under the Securities or otherwise), nor shall it impose any contractual restrictions (such as dividend stoppers) or any other obligation on the Issuer. Any actual or anticipated cancellation of interest on the Securities will likely have an adverse effect on the market price of the Securities. In addition, as a result of the interest cancellation provisions of the Securities, the market price (if any) of the Securities may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such cancellation and may be more sensitive generally to adverse changes in the Issuer's or the Group's financial condition. Any indication that either of the CET1 Ratios is trending towards the combined capital buffer requirement (the level at which the Maximum Distributable Amount restriction under the CRD Directive becomes relevant) may have an adverse effect on the market price of the Securities.

Under Article 141(2) (Restrictions on distributions) CRD Directive as implemented in Iceland, institutions that fail to meet the combined buffer requirement (broadly, the combination of the capital conservation buffer, the institution-specific

countercyclical capital buffer, the systemic risk buffer and the higher of (depending on the institution), the global systemically important institutions buffer and the other systemically important institutions buffer, in each case, as applicable to the institution) will be subject to restricted discretionary payments (which are defined broadly by CRD as distributions in connection with CET1 capital, payments on Additional Tier 1 Capital instruments (including interest amounts on the Securities) and payments of discretionary staff remuneration).

In the event of a breach of the combined buffer requirement, the restrictions under article 141(2) CRD Directive will be scaled according to the extent of the breach of the combined buffer requirement and calculated as a percentage of the institution's profits. Such calculation will result in a Maximum Distributable Amount in each relevant period.

Maximum Distributable Amount restrictions ("**MDA restrictions**") would need to be calculated for each separate level of supervision. It follows that for the Issuer, MDA restrictions should be calculated at the Issuer level and the Group consolidated level. For each such level of supervision, the level of restriction under article 141(2) CRD Directive will be scaled according to the extent of the breach of the combined buffer requirement applicable at such level and calculated as a percentage of the respective profits calculated at such level.

CRR II and BRRD II as implemented in Iceland extend the scope of the MDA restrictions, with the original restrictions based on risk-weighted capital requirements being extended also to include restrictions based on leverage requirements for certain institutions and restrictions based on MREL requirements (including any restrictions resulting from the requirements relating to the subordination of MREL issued by the Issuer). CRR II and BRRD II, respectively, provide for the following:

(i) *leverage-based MDA*: an institution that is designated as a 'global systemically important institution' ("**GSII**") that: (A) meets an applicable leverage ratio buffer shall not be entitled to make any distribution in connection with tier 1 capital to the extent this would decrease its tier 1 capital to a level where the leverage ratio buffer requirement is no longer met; and (B) is failing to meet an applicable leverage ratio buffer shall calculate a leverage ratio-based maximum distributable amount (the "**L-MDA**") and must not make discretionary payments (payments relating to Common Equity Tier 1 capital instruments, Additional Tier 1 instruments (such as the Securities) and variable remuneration) which would, in aggregate, exceed such L-MDA. As with the MDA, the L-MDA restrictions will be scaled according to the extent of the breach of the leverage buffer requirement and calculated by reference to the institution's distributable profits; and

(i) *MREL-based MDA*: where an institution is failing to meet its buffer requirements as a result of its MREL requirement (but would meet its buffer requirements but for its MREL requirement), the relevant resolution authority, having considered certain specified factors, will be entitled (and, if non-compliance continues for an extended period, may, subject to certain exceptions, be required) to prohibit such institution from distributing more than a maximum distributable amount determined by reference to its MREL requirement (the "**M-MDA**") by way of discretionary payments (payments relating to Common Equity Tier 1 capital instruments, Additional Tier 1 instruments (such as the Securities) and variable remuneration). As with the MDA restrictions and the L-MDA requirements, the M-MDA restrictions will be scaled according to the extent of the breach of the buffer requirement (when having regard to MREL requirements) and calculated by reference to the institution's distributable profits.

Whilst the Issuer is not presently designated as a GSII, it is possible that L-MDA restrictions could be extended to other systemically important institutions over time, which may include the Issuer.

Such calculation(s) will result in a maximum distributable amount in each relevant period. As an example, the scaling is such that in the bottom quartile of the combined buffer requirement, no discretionary distributions will be permitted to be paid. As consequence, in the event of breach of the combined buffer requirement it may be necessary to reduce payments that would, but for the breach of the combined buffer requirement, be discretionary, including potentially exercising the Issuer's discretion to cancel (in whole or in part) interest payments in respect of the Securities. In such circumstances, the aggregate amount of distributions which the Issuer can make on account of dividends, interest payments, write-up amounts and redemption amounts on its Tier 1 instruments (including the Securities) and certain bonuses will be limited.

4 ***The level of the Issuer's Distributable Items is affected by a number of factors and insufficient Distributable Items will restrict the ability of the Issuer to make interest payments on the Securities***

Interest otherwise due to be paid on any date will not become due or payable (in whole or, as the case may be, in part), and the relevant payment will be deemed cancelled and will not be made, if and to the extent that the amount of such interest

payment otherwise due (together with any Additional Amounts payable thereon pursuant to Condition 10, if applicable), together with other relevant stipulated payments or distributions, in aggregate would exceed the amount of Distributable Items of the Issuer.

Distributable Items are defined in the Conditions as meaning "subject as otherwise defined from time to time in the Regulatory Capital Requirements (as defined in the Conditions), in relation to interest otherwise scheduled to be paid on a date, the amount of the profits of the Issuer at the end of the last Financial Year immediately preceding such date plus any profits brought forward and reserves available for that purpose before distributions to holders of own funds instruments of the Issuer less any losses brought forward, any profits which are non-distributable pursuant to applicable European Economic Area or national law or the Issuer's constitutional documents and any sums placed in non-distributable reserves in accordance with applicable national law or the constitutional documents of the Issuer, in each case, with respect to the specific category of own funds instruments to which European Economic Area or national law or the Issuer's constitutional documents relate; such profits, losses and reserves being determined on the basis of the individual accounts of the Issuer and not on the basis of its consolidated accounts".

As at 31 December 2024, the Issuer had Distributable Items in excess of ISK167 billion. The level of the Issuer's Distributable Items is affected by a number of factors and the level of the Issuer's Distributable Items and available funding, and therefore its ability to make interest payments under the Securities, are a function of the Issuer's existing Distributable Items and future profitability of the Group. In addition, the Issuer's Distributable Items available for making payments to Holders may also be adversely affected by the servicing of other instruments issued by the Issuer.

The level of the Issuer's Distributable Items may be further affected by changes to regulation or the requirements and expectations of applicable regulatory authorities. Any such potential changes could adversely affect the Issuer's Distributable Items in the future.

Further, the Issuer's Distributable Items and its available funding, and therefore the Issuer's ability to make interest payments under the Securities, may be adversely affected by the performance of the business of the Group in general, factors affecting its financial position (including capital and leverage), the economic environment in which the Group operates and other factors outside of the Issuer's control. Adverse changes in the performance of the business of the Group could result in an impairment of the carrying value of the Issuer's investment in the Group, which could affect the level of the Issuer's Distributable Items. In addition, adjustments to earnings, as determined by the Board, may fluctuate significantly and may materially adversely affect Distributable Items.

In addition, the ability of the Issuer's subsidiaries to make distributions and the Issuer's ability to receive distributions and other payments from its investments in other entities is subject to applicable laws and other restrictions, including such subsidiaries' respective regulatory, capital and leverage requirements, statutory reserves, financial and operating performance and applicable tax laws.

5 ***CRD includes capital requirements that are in addition to the minimum capital requirement. These additional capital requirements will restrict the Issuer from making interest payments on the Securities in certain circumstances, in which case the Issuer will automatically cancel such interest payments***

To the extent required under then prevailing Regulatory Capital Requirements, interest otherwise due to be paid on any date will not become due or payable (in whole or, as the case may be, in part), and the relevant payment will be deemed cancelled and will not be made, to the extent that the amount of such interest payment otherwise due (together with any Additional Amounts payable thereon pursuant to Condition 10, if applicable), together with other distributions of the kind referred to in Article 141(2) of the CRD Directive (or any provision of applicable law, transposing or implementing Article 141(2) of the CRD Directive, as amended or replaced) or referred to in any other applicable provisions of the Regulatory Capital Requirements which require a maximum distributable amount to be calculated and which are required under prevailing Regulatory Capital Requirements to be taken into account for this purpose, in aggregate would cause the Maximum Distributable Amount then applicable to the Issuer or the Issuer Group to be exceeded.

Under CRD as implemented in Iceland, institutions are required to hold a minimum amount of regulatory capital equal to 8 per cent. of risk weighted assets (of which at least 4.5 per cent. must be Common Equity Tier 1 Capital). In addition to these so-called minimum "own funds" requirements, CRD (at Article 128 and following) also introduced capital buffer requirements that are in addition to the minimum "own funds" requirements and are required to be met with Common

Equity Tier 1 Capital. It introduced five capital buffers: (i) the capital conservation buffer, (ii) the institution-specific countercyclical buffer, (iii) the global systemically important institutions buffer, (iv) the other systemically important institutions buffer and (v) the systemic risk buffer.

Four capital buffers are applicable for Icelandic financial institutions: the capital conservation buffer, the institution-specific countercyclical buffer, the other systemically important institutions buffer and the systemic risk buffer. The size of the capital conservation buffer is fixed by law at 2.5%. The size of the other capital buffers is stipulated in rules issued by the Central Bank of Iceland (Rules 256/2023, 1414/2024 and 1415/2024). As the systemic risk buffer only applies to domestic exposures, the effective risk buffer rate is calculated by multiplying the proportion of the domestic credit risk exposure by the domestic systemic risk buffer rate.

As well as the "Pillar 1" capital requirements described above, CRD (for example, at Article 104(1)(a)) contemplates that competent authorities may require additional "Pillar 2" capital to be maintained by an institution relating to elements of risks which are not fully captured by the minimum "own funds" requirements ("additional own funds requirements") or to address macro-prudential requirements.

The Central Bank of Iceland issues guidelines relating to the supervisory review and evaluation process (SREP) stipulating the approach to determining amount and composition of Pillar 2 additional own funds requirements.

There can also be no assurance as to the manner in which additional own funds requirements may be disclosed publicly in the future. Whilst the Issuer will in the ordinary course of its communications with investors in all classes of its capital instruments, endeavour to provide reasonable clarity with respect to its minimum own funds capital requirements and any "Pillar 2" additional own funds requirements imposed on it by the Central Bank of Iceland, the Central Bank of Iceland may seek to impose restrictions on any such disclosure of "Pillar 2" additional own funds requirements and there can be no assurance that such restrictions will not cease to apply or, if they do, as to the consequences of any such publication.

Under Article 141 of the CRD Directive as implemented in Iceland, institutions that fail to meet the "combined buffer requirement" (broadly, the combination of the capital conservation buffer and the institution-specific counter-cyclical buffer) will be subject to restricted "discretionary payments" (which are defined broadly by CRD as distributions in connection with Common Equity Tier 1 Capital, payments on Additional Tier 1 instruments (including interest amounts on the Securities) and payments of variable remuneration if the obligation to pay was created at a time when the institution failed to meet the combined buffer requirements). The restrictions will be scaled according to the extent of the breach of the "combined buffer requirement" and calculated as a percentage of the profits of the institution since the most recent decision on the distribution of profits or "discretionary payment". Such calculation will result in a "maximum distributable amount" in each relevant period. As an example, the scaling is such that in the bottom quartile of the "combined buffer requirement", no "discretionary distributions" will be permitted to be paid. As a consequence, in the event of breach of the combined buffer requirement it may be necessary to reduce discretionary payments, including potentially exercising the discretion to cancel (in whole or in part) interest payments in respect of the Securities. Further, there can be no assurance that the Group's combined buffer requirement specifically, or the Group's other capital requirements more generally including but not limited to regulatory direction on model parameters, will not be increased in the future, which may exacerbate the risk that "discretionary payments", including payments of Interest on the Securities, are cancelled or that future regulation may alter the circumstances in which payments of interest on the Securities must be cancelled.

The Group's capital requirements are, by their nature, calculated by reference to a number of factors any one of which or combination of which may not be easily observable or capable of calculation by investors. Holders of the Securities may not be able to predict accurately the proximity of the risk of discretionary payments (of interest and principal) on the Securities being prohibited from time to time as a result of the operation of Article 141 of the CRD Directive.

In addition, CRR II includes a requirement for credit institutions to calculate, report, monitor and publish their leverage ratios, defined as their Tier 1 capital as a percentage of their total exposure measure.

There can be no assurance, however, that the leverage ratio specified above, or any of the minimum own funds requirements, additional own funds requirements or buffer capital requirements applicable to the Group will not be amended in the future to include new and more onerous capital requirements, which in turn may affect the Issuer's capacity to make payments of interest on the Securities.

6 ***The Securities may be traded with accrued interest, but under certain circumstances described above, such interest may be cancelled and not paid on the relevant Interest Payment Date***

The Securities may trade, and/or the prices for the Securities may appear, on the Regulated Market and in other trading systems with accrued interest. If this occurs, purchasers of Securities in the secondary market will pay a price that reflects such accrued interest upon purchase of the Securities. However, if a payment of interest on any date is cancelled (in whole or in part) as described herein and thus is not due and payable, purchasers of such Securities will not be entitled to that interest payment (or, if the Issuer elects to make a payment of a portion, but not all, of such interest payment, the portion of such interest payment not paid) on the relevant date.

7 ***Upon the occurrence of a Trigger Event, Holders may lose all or some of the value of their investment in the Securities***

The Securities are issued for capital adequacy regulatory purposes with the intention and purpose of being eligible as Additional Tier 1 Capital of the Issuer and the Issuer Group. Such eligibility depends upon a number of conditions being satisfied, which are reflected in the Conditions. One of these relates to the ability of the Securities and the proceeds of their issue to be available to absorb any losses of the Issuer and the Issuer Group. Accordingly, if, at any time, a Trigger Event occurs: (a) the Prevailing Principal Amount of each Security shall be immediately and mandatorily Written Down by the Write Down Amount; and (b) all accrued and unpaid interest up to (and including) the Write Down Date (whether or not such interest has become due for payment) shall be automatically and irrevocably cancelled.

A Trigger Event will occur if either (a) the CET1 Ratio of the Issuer or (b) the CET1 Ratio of the Issuer Group falls below 5.125 per cent. The Issuer intends to calculate and publish the CET1 Ratios on a quarterly basis. As at 31 December 2024, the CET1 Ratio of the Issuer and the Group was 21.5 per cent.

Although Condition 6*(d)* permits the Issuer in its sole and full discretion to reinstate Written Down principal amounts if certain conditions (further described therein) are met, the Issuer is under no obligation to do so. Moreover the Issuer will only have the option to Write Up the principal amount of the Securities if, at a time when the Prevailing Principal Amount is less than the Initial Principal Amount, the Issuer and the Issuer Group records positive profits after tax, and if the Maximum Distributable Amount (if any) (after taking account of (x) any other relevant distributions of the kind referred to in Article 141(2) of the CRD Directive (or any provision of applicable law transposing or implementing Article 141(2) of the CRD Directive, as amended or replaced) or in any other applicable provisions of the Regulatory Capital Requirements which require a maximum distributable amount to be calculated and which are required under prevailing Regulatory Capital Requirements to be taken into account for this purpose and (y) the requirements of Article 21.1(f) of the CRD Supplementing Regulation, as amended or replaced) would not be exceeded as a result of the Write Up.

No assurance can be given that these conditions will ever be met, or that the Issuer will ever Write Up the principal amount of the Securities following a Write Down. Furthermore, any Write Up must be undertaken on a *pro rata* basis with any other securities of the Issuer or any member of the Issuer Group that have terms permitting a principal write up to occur on a basis similar to that set out in Condition 6*(d)* in the circumstances then existing.

During the period of any Write Down pursuant to Condition 6, interest will accrue on the Prevailing Principal Amount of the Securities, which shall be lower than the Initial Principal Amount unless and until the Securities are subsequently Written Up in full. Furthermore, in the event that a Write Down occurs during an Interest Period, any interest accrued but not yet paid until the occurrence of such Write Down will be cancelled and, if not cancelled in accordance with Condition 5, the interest amount payable on the Interest Payment Date immediately following such Interest Period shall be calculated on the Prevailing Principal Amount resulting from the Write Down. See generally Condition 4*(b)*.

Holders may lose all or some of their investment as a result of a Write Down. If any order is made by any competent court for the Winding-Up, or if the Issuer is liquidated for any other reason prior to the Securities being written up in full pursuant to Condition 6*(d)*, Holders' claims for principal and interest will be based on the reduced Prevailing Principal Amount of the Securities. Holders' claims for principal and interest will also be based on the reduced Prevailing Principal Amount of the Securities in the event that the Issuer meets the relevant conditions to exercise, and elects to exercise, its option to redeem the Securities upon the occurrence of a Tax Event or a Capital Disqualification Event in accordance with Conditions 7*(d)* or 7*(e)*, or its option to redeem the Securities in accordance with Conditions 7*(c)* or 7*(f)*, at a time when the Securities have been Written Down and not subsequently Written Up.

The market price of the Securities is expected to be affected by fluctuations in either of the CET1 Ratios. Any indication that either CET1 Ratio is approaching the level that would trigger a Trigger Event may have an adverse effect on the market price of the Securities.

The occurrence of a Trigger Event is inherently unpredictable and depends on a number of factors, which may be outside the control of the Issuer or the Group. Accordingly, investors may be unable to accurately predict if and when a Trigger Event may occur. See Risk Factor 8 "*—The circumstances surrounding or triggering a Write Down are unpredictable, and there are a number of factors that could affect the CET1 Ratios*" below.

8 ***The circumstances surrounding or triggering a Write Down are unpredictable, and there are a number of factors that could affect the CET1 Ratios***

The occurrence of a Trigger Event is inherently unpredictable and depends on a number of factors, which may be outside the control of the Issuer. Moreover, because the Relevant Authority may instruct the Issuer to calculate either CET1 Ratio as at any date, a Trigger Event could occur at any time, including if the Issuer is subject to recovery and resolution actions by the relevant resolution authority, or the Issuer might otherwise determine to calculate such ratio in its own discretion. Moreover, the relevant resolution authority is likely to allow a Trigger Event to occur rather than to resort to the use of public funds to provide capital to the Issuer and the Group. Additionally the resolution authority may permanently write down the Securities at the point of non-viability of the Issuer or the Group, and this may occur prior to a Trigger Event. See Risk Factor 11 "*— The implementation of the BRRD in Iceland provides for a range of actions to be taken in relation to the relevant entity considered to be at risk of failing. The taking of any action under the BRRD as implemented in Iceland could materially affect the value of any Securities*" below.

The CET1 Ratios may fluctuate. The calculation of such ratios could be affected by one or more factors, including, among other things, changes in the mix of the Group's business, major events affecting its earnings, distributions by the Issuer, regulatory changes (including changes to definitions and calculations of the CET1 Ratios and their components, including Common Equity Tier 1 Capital and risk weighted assets (including as a result of the operation of any applicable output floors), in each case on either an individual or a consolidated basis, and the unwinding of transitional provisions under CRD) and the Group's ability to manage risk weighted assets in both its on-going businesses and those which it may seek to exit. In addition, the Group has capital resources and risk weighted assets denominated in foreign currencies, and changes in foreign exchange rates will result in changes in the U.S. dollar equivalent value of foreign currency denominated capital resources and risk weighted assets. As a result, the CET1 Ratios are exposed to foreign currency movements.

The calculation of the CET1 Ratios may also be affected by changes in applicable accounting rules, or by changes to regulatory adjustments which modify the regulatory capital impact of accounting rules. Moreover, even if changes in applicable accounting rules, or changes to regulatory adjustments which modify accounting rules, are not yet in force as at the relevant calculation date, the Relevant Authority could require the Issuer to reflect such changes in any particular calculation of the CET1 Ratios.

Accordingly, accounting changes or regulatory changes may have a material adverse impact on the Issuer's and the Issuer Group's calculations of regulatory capital, including Common Equity Tier 1 Capital and risk weighted assets and the CET1 Ratios. In August 2019, the EBA advised the European Commission on the introduction of an "output floor", whereby banks constrained by that should be required to use "floored" risk weighted assets to compute capital ratios, including those relevant to the determination of whether or not a Trigger Event has occurred.

It will be difficult to predict when, if at all, a Trigger Event and subsequent Write Down may occur. Accordingly, the trading behaviour of the Securities is not necessarily expected to follow the trading behaviour of other types of securities. Any indication that a Trigger Event and subsequent Write Down may occur can be expected to have a material adverse effect on the market price (if any) of the Securities.

9 ***The CET1 Ratios will be affected by the Group's business decisions and, in making such decisions, the Group's interests may not be aligned with those of the holders of the Securities***

As discussed in Risk Factor 8 "*—The circumstances surrounding or triggering a Write Down are unpredictable, and there are a number of factors that could affect the CET1 Ratios*" above, the CET1 Ratios could be affected by a number of factors. The CET1 Ratios will also depend on the Group's decisions relating to its businesses and operations, as well as the

management of its capital positions. Neither the Issuer nor the Group will have any obligation to consider the interests of the holders of the Securities in connection with its strategic decisions, including in respect of its capital management. Holders of the Securities will not have any claim against the Issuer or any other member of the Group relating to decisions that affect the business and operations of the Issuer or the Group, including the Issuer's or the Group's capital position, regardless of whether they result in the occurrence of a Trigger Event. Such decisions could cause holders of the Securities to lose all or part of the value of their investment in the Securities.

10 ***The Securities are not protected under any deposit guarantees scheme***

Under Act No. 98/1999, depositors are guaranteed a minimum level of protection in the event of difficulties of the Issuer in meeting its obligations to its customers according to the provisions of the Act. Holders of the Securities will not qualify under such deposit guarantees scheme.

11 ***The implementation of the BRRD in Iceland provides for a range of actions to be taken in relation to the relevant entity considered to be at risk of failing. The taking of any action under the BRRD as implemented in Iceland could materially affect the value of any Securities***

On 2 July 2014, the BRRD entered into force. The BRRD has been implemented into Icelandic law through Act 54/2018, amending the Act on Financial Undertaking, and Act No. 70/2020 on Recovery and Resolution of Credit Institutions, and more recently, by the Hierarchy of Claims Act (as defined herein) making further amendments to the Act on Financial Undertakings, the Recovery and Resolution Act and the Deposit Insurance and Insurance Schemes Act No. 98/1999.

The BRRD is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

The BRRD contains four resolution tools and powers which may be used alone or in combination where an institution is considered as failing or likely to fail: (i) sale of business which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms; (ii) bridge institution which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control); (iii) asset separation which enables resolution authorities to transfer assets to a bridge institution or one or more asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down; and (iv) bail-in which gives resolution authorities the power to write down the claims of unsecured creditors of a failing institution (write-down may result in the reduction in value of such claims to zero) and to convert unsecured debt claims to equity or other instruments of ownership (the "**general bail-in tool**") (subject to certain parameters as to which liabilities would be eligible for the general bail-in tool), which equity or other instruments could also be subject to any future cancellation, transfer or dilution.

An institution will be considered as failing or likely to fail when: (i) it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; (ii) when its assets are, or are likely in the near future to be, less than its liabilities; (iii) when it is, or is likely in the near future to be, unable to pay its debts as they fall due; or (iv) when it requires extraordinary public financial support (except in limited circumstances).

In accordance with the implementation of the BRRD in Iceland, the Securities may be subject to the exercise of the general bail-in tool by the Relevant Resolution Authority (as defined in Condition 19 (*Definitions*) under "*Terms and Conditions of the Securities*")) and the Securities include a contractual consent to the application of any Bail-in and Statutory Loss Absorption Powers (as defined in "*Terms and Conditions of the Securities*").

In addition to the general bail-in tool, the BRRD allows for resolution authorities to have the further power to permanently write-down or convert into equity capital instruments or other instruments of ownership such as the Securities at the point of non-viability and before any other resolution action is taken ("**nonviability loss absorption**"). Any instruments issued to holders of the Securities upon any such conversion into equity may also be subject to any future cancellation, transfer or dilution. The Relevant Resolution Authority may determine that a point of non-viability has occurred prior to a Trigger Event under the Securities.

Any application of the general bail-in tool under the BRRD (as currently implemented) shall follow the hierarchy of claims in normal insolvency proceedings in Iceland. There can, however, be no assurance that the relevant provisions of Icelandic

law, and/or applicable banking laws, regulations, requirements, guidelines and policies (or interpretations thereof), will not be amended (or changed) in the future in a manner prejudicial to the interests of the Holders.

In addition, following the publication on 7 June 2019 in the Official Journal of the EU of (i) the Directive (EU) 2019/879 of the European Parliament and of the Council dated 20 May 2019 amending the BRRD (the "**BRRD II**") as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms and Directive 98/26/EC and (ii) the Regulation (EU) 2019/877 of the European Parliament and of the Council dated 20 May 2019 amending the Single Resolution Mechanism Regulation as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms, a comprehensive legislative package has been produced which intends to reduce risks in the banking sector and the financial system, reinforce banks' ability to withstand potential shocks and strengthen the banking union from 28 December 2020. BRRD II was incorporated into the EEA Agreement by EEA Joint Committee Decision No. 145/2022. In June 2023, the Icelandic Parliament approved a bill which amended Act No. 70/2020 on Recovery and Resolution of Credit Institutions and Investment Firms, implementing BRRD II into Icelandic law.

The BRRD II reforms also introduce, in Article 33a, a new pre-resolution moratorium tool as a temporary measure in an early stage and new suspension powers, which the resolution authority can use within the resolution period. Any suspension of activities can result in the partial or complete suspension of the performance of agreements (including any payment or delivery obligation) entered into by the respective credit institution. The exercise or perceived increase in likelihood of exercise of any such power could, as stated above, materially adversely affect the rights of holders of Securities, the price or value of their investment in any Securities and/or the ability of the Bank to satisfy its obligations under any Securities.

12 ***There is no scheduled redemption date for the Securities and Holders have no right to require redemption***

The Securities are undated securities in respect of which there is no fixed redemption or maturity date. The Issuer is under no obligation to redeem the Securities at any time and the Holders have no right to require the Issuer or any member of the Group to redeem or purchase any Securities at any time. Any redemption of the Securities and any purchase of any Securities by the Issuer will be subject always to the prior approval of the Relevant Authority and to compliance with prevailing prudential requirements, and the Holders may not be able to sell their Securities in the secondary market (if at all) at a price equal to or higher than the price at which they purchased their Securities. Accordingly, investors in the Securities should be prepared to hold their Securities for a significant period of time.

13 ***Under the Conditions, investors will agree to be bound by and consent to the exercise of any Statutory Loss Absorption Powers by the relevant resolution authority***

By acquiring the Securities, each Holder and each beneficial owner acknowledges, accepts, consents and agrees to be bound by (a) the effect of the exercise of any Statutory Loss Absorption Powers by the relevant resolution authority, that may include and result in any of the following, or some combination thereof: (i) the reduction of all, or a portion, of the principal amount of, or any interest on, the Securities or any other outstanding amounts due under, or in respect of, the Securities; (ii) the conversion of all, or a portion, of the principal amount of, or any interest on, the Securities or any other outstanding amounts due under, or in respect of, the Securities into shares, other securities or other obligations of the Issuer or another person (and the issue to or conferral on the Holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Securities; (iii) the cancellation of the Securities; (iv) the amendment or alteration of the maturity of the Securities or amendment of the amount of interest payable on the Securities, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and (b) the variation of the terms of the Securities as deemed necessary by the relevant resolution authority, to give effect to the exercise of any Statutory Loss Absorption Powers by the relevant resolution authority. See Condition 18 under "*Terms and Conditions of the Notes*".

14 ***The Securities are subject to early redemption at their Prevailing Principal Amount (which may be less than par) upon the occurrence of certain events***

Subject to the prior approval of the Relevant Authority and to compliance with prevailing prudential requirements, the Issuer may, at its option, redeem all (but not some only) of the Securities at any time at their Prevailing Principal Amount (which may be less than par, including when the Securities have been Written Down and not subsequently Written Up) plus any accrued and unpaid interest thereon to (but excluding) the date fixed for redemption, (i) upon the occurrence of a Tax

Event or a Capital Disqualification Event, (ii) on any day falling in the period commencing on (and including) 18 February 2030 and ending on (and including) the First Reset Date or, thereafter, on any Interest Payment Date thereafter or (iii) if 75 per cent. or more of the aggregate principal amount of the Securities originally issued has been purchased by the Issuer or by any of its subsidiaries for the Issuer's account and cancelled.

An optional redemption feature is likely to limit the market value of the Securities. During any period when the Issuer may elect to redeem the Securities, or when there is a perception that the Issuer is able to elect to redeem the Securities, the market value of the Securities generally will not rise substantially above the price at which they can be redeemed.

If the Issuer redeems the Securities in any of the circumstances mentioned above, there is a risk that the Securities may be redeemed at times when the redemption proceeds are less than the current market value of the Securities or when prevailing interest rates may be relatively low, in which latter case Holders may only be able to reinvest the redemption proceeds in securities with a lower yield. Potential investors should consider reinvestment risk in light of other investments available at that time.

15 ***Limitation on gross-up obligation under the Securities***

The Issuer's obligation to pay additional amounts in respect of any withholding or deduction for or on account of Icelandic taxes under the terms of the Securities (which is subject to the Solvency Condition and the availability of Distributable Items) applies, subject to customary exceptions, only to payments of interest due and payable under the Securities and not to payments of principal (which term, for these purposes, includes the Prevailing Principal Amount and any other amount (other than interest) payable in respect of the Securities). As such, the Issuer would not be required to pay any additional amounts under the terms of the Securities to the extent any withholding or deduction for or on account of Icelandic tax is applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under any Securities, Holders would, upon repayment or redemption of such Securities, be entitled to receive only the net amount of such redemption or repayment proceeds after deduction of the amount required to be withheld. Therefore, Holders may receive less than the full amount due under the Securities, and the market value of the Securities may be adversely affected as a result.

16 ***Because the Securities are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on the clearing system procedures for transfer, payment and communication with the Issuer***

The Securities will, upon issue, be represented by a Global Certificate that will be deposited with, and registered in the name of a nominee for, a common depositary for Euroclear and Clearstream, Luxembourg. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Certificate. While the Securities are in global form, investors in the Securities will be able to trade their beneficial interests only through Euroclear or Clearstream, Luxembourg, as the case may be.

While the Securities are in global form, the payment obligations of the Issuer under the Securities will be discharged upon such payments being made by or on behalf of the Issuer to or to the order of the nominee for the common depositary. A holder of a beneficial interest in a Security must rely on the procedures of Euroclear and/or Clearstream, Luxembourg, as the case may be, to receive payments under the Securities. The Issuer does not have any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

17 ***Investors who hold less than the minimum specified denomination may be unable to sell their Securities and may be adversely affected if definitive Securities are subsequently required to be issued***

The Securities are in denominations of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof (the "**Specified Denomination**"). Accordingly, it is possible that they may be traded in amounts that are not integral multiples of the minimum Specified Denomination. In such a case, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Securities at or in excess of the minimum Specified Denomination such that its holding amounts to at least equal to such minimum Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Security in respect of such

holding (should such Securities be printed) and would need to purchase a principal amount of Securities at or in excess of the minimum Specified Denomination such that its holding amounts to at least equal to such minimum Specified Denomination.

18 ***A Holder's actual yield on the Securities may be reduced from the stated yield by transaction costs***

When Securities are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Securities. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional domestic or foreign parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Holders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of securities (direct costs), Holders must also take into account any follow-up costs (such as custody fees). Prospective investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Securities before investing in the Securities.

Please refer also to Risk Factor 3 "*—The Issuer may at any time elect, and in certain circumstances shall be required, not to make interest payments on the Securities*" above.

19 ***Substitution or variation of the Securities***

Following the occurrence of a Tax Event, Capital Disqualification Event or Alignment Event or in order to ensure the effectiveness and enforceability of Condition 18*(d)*, the Issuer may, subject as provided in Condition 7*(g)* and without the need for any consent of the Holders, substitute all (but not some only) of the Securities for, or vary the terms of the Securities (including, without limitation, changing the governing law of Condition 18, from English law to Icelandic law) so that they remain or become, Compliant Securities.

While Compliant Securities must otherwise contain terms that are not materially less favourable to Holders than the original terms of the Securities, there can be no assurance that the terms of any Compliant Securities will be viewed by the market as equally favourable to Holders, or that such Compliant Securities will trade at prices that are equal to the prices at which the Securities would have traded on the basis of their original terms.

No assurance can be given as to whether any of these changes will negatively affect any particular Holder. In addition, the tax and stamp duty consequences of holding such substituted or varied Securities could be different for some categories of Holders from the tax and stamp duty consequences for them of holding such Securities prior to such substitution or variation.

20 ***No limitation on issuing senior or pari passu securities***

There is no restriction on the amount of securities which the Issuer may issue, nor on the amount of any other obligations it may assume, which rank senior to, or *pari passu* with, the Securities. The issue of any such securities and/or the assumption of any such other obligations may reduce the amount recoverable by Holders on a Winding-Up and/or may increase the likelihood of a cancellation of interest amounts under the Securities.

21 ***No rights of set-off***

No Holder may exercise, claim or plead any right of set-off, compensation, counterclaim, netting or retention in respect of any amount owed to it by the Issuer in respect of, arising under or in connection with the Securities and each Holder shall, by virtue of its holding of any such Security (or any beneficial interest therein), be deemed to have waived all such rights of set-off, compensation, counterclaim, netting or retention and therefore any such Holder will not be able to exercise, claim or plead any right of set-off, compensation, counterclaim, netting or retention in respect of any amount owed to it by the Issuer in respect of, arising under or in connection with the Securities.

22 ***The Interest Rate will be reset, which may affect the secondary market for and the market value of the Securities***

The Interest Rate on the Securities will be reset on each Reset Date to the Reset Rate of Interest (each term as defined in the Conditions and as more particularly described in Condition 4). The reset of the Interest Rate in accordance with such provisions may affect the secondary market for and the market value of the Securities. Following any such reset of the Interest Rate, the Reset Rate of Interest on the Securities may be lower than the Initial Fixed Interest Rate and/or any previous Reset Rate of Interest (each term as defined in the Conditions).

23 ***SOFR is a relatively new market index and, as the related market continues to develop, there may be an adverse effect on the return on or value of the Securities.***

In accordance with Condition *4(d)* (*Reset Rate of Interest*), the Reset Rate of Interest will be calculated by reference to a swap rate that is itself based on the Secured Overnight Financing Rate ("**SOFR**").

Investors should be aware that the market continues to develop in relation to SOFR and its adoption as an alternative to the relevant interbank offered rates. In addition, market participants and relevant working groups are still exploring alternative reference rates based on risk-free rates, including various ways to produce term versions of certain risk-free rates (which seek to measure the market's forward expectation of an average of these reference rates over a designated term, as they are overnight rates) or different measures of such risk-free rates. For example, on 2 March 2020, the Federal Reserve Bank of New York, as administrator of SOFR, began publishing the SOFR Compounded Index.

The market or a significant part thereof may adopt an application of risk-free rates that differs significantly from that set out in the Conditions and used in relation to the Securities. The development of risk-free rates for the Eurobond markets could result in reduced liquidity or increased volatility, or could otherwise affect the market price of the Securities.

In addition, the manner of adoption or application of risk-free rates in the Eurobond markets may differ materially compared with the application and adoption of risk-free rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of such reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of the Securities.

The use of risk-free rates as reference rates for Eurobonds is nascent, and may be subject to change and development in terms of the methodology used to calculate such rates, the development of rates based on risk free rates and the development and adoption of market infrastructure for the issuance and trading of bonds referencing risk-free rates. In particular, investors should be aware that several different methodologies have been used in notes linked to such risk-free rates issued to date and no assurance can be given that any particular methodology will gain widespread market acceptance. In addition, the methodology for determining any overnight rate index used to determine the Rate of Interest could change during the life of the Securities.

The Securities may also have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities referencing such risk-free rates, such as the spread over the index reflected in interest rate provisions, may evolve over time, and trading prices of the Securities may be lower than those of later-issued indexed debt securities as a result. Further, if the relevant risk-free rates do not prove to be widely used in securities like the Securities, the trading price of the Securities may be lower than those of securities referencing indices that are more widely used. Investors in such Securities may not be able to sell such Securities at all or may not be able to sell such Securities at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk.

Certain administrators of risk-free rates have published hypothetical and actual historical performance data. Hypothetical data inherently includes assumptions, estimates and approximations and actual historical performance data may be limited in the case of certain risk-free rates. Investors should not rely on hypothetical or actual historical performance data as an indicator of the future performance of such risk-free rates.

24 ***The administrators of SOFR may make changes that could change the value of SOFR or discontinue SOFR respectively***

The Federal Reserve Bank of New York (or its successor) as administrator of SOFR, may make methodological or other changes that could change the value of SOFR, including changes related to the method by which such rates and/or indices are calculated, eligibility criteria applicable to the transactions used to calculate such rates and/or indices, or timing related to the publication of SOFR. In addition, the administrator may alter, discontinue or suspend calculation or dissemination of SOFR, in which case a fallback method of determining the interest rate on the Securities will apply in accordance with the Conditions (see "*The Reset Rate of Interest is linked to a benchmark*"). The Federal Reserve Bank of New York (or its successor) as administrator has no obligation to consider the interests of Holders when calculating, adjusting, converting, revising or discontinuing SOFR.

25 ***The Reset Rate of Interest is linked to a benchmark***

Reference rates and indices, including interest rate benchmarks, such as SOFR, which are used to determine the amounts payable under financial instruments or the value of such financial instruments ("**Benchmarks**"), have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of SOFR or its discontinuation, could have a material adverse effect on the Securities.

The "*Terms and Conditions of the Securities*" provide for certain fallback arrangements in the event that the Original Reference Rate (including any page on which such rate may be published (or any successor service)) becomes unavailable or a Benchmark Event otherwise occurs, including the possibility that the rate of interest could be set by reference to a successor rate or an alternative rate and that such successor rate or alternative rate may be adjusted (if required). In certain circumstances, the ultimate fallback for the purposes of calculation of interest for a particular Interest Period may result in the Original Reference Rate and the fallback provisions provided for by Condition 4*(d)* being used. This may result in the application of the relevant Reset Rate of Interest for a preceding Reset Period. The Issuer will not, however, be required to replace any benchmark or make consequential amendments to the Terms and Conditions of the Securities in circumstances where it considers that doing so (i) would result in a Capital Disqualification Event, or (ii) could reasonably result in the Relevant Resolution Authority treating any future Interest Payment Date as the effective maturity of the Securities, which would result in the Securities in effect becoming fixed rate instruments.

In addition, due to the uncertainty concerning the availability of successor rates and alternative rates, the relevant fallback provisions may not operate as intended at the relevant time. Any such consequences could have a material adverse effect on the trading market for, liquidity of, value of and return on the Securities. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Securities or could have a material adverse effect on the value or liquidity of, and the amount payable under the Securities.

26 ***Meetings of Holders, modification and substitution***

The Conditions will contain provisions for calling meetings of Holders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders, including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.

Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Securities. Instead, such Holders are permitted to act only to the extent that they are enabled by Euroclear and/or Clearstream, Luxembourg to appoint appropriate proxies.

Further, pursuant to Condition 4(i), certain changes may be made to the interest calculation provisions of the Securities in the circumstances set out in Condition 4 without the requirement for consent of the Holders.

27 ***The value of the Securities could be adversely affected by a change in English law and/or Icelandic law (as the case may be) or administrative practice***

The Conditions will be governed by the laws of England, save that the provisions of Condition 3 relating to the subordination of the Securities and set-off (including any definitions related thereto) are governed by, and shall be construed

in accordance with, the laws of Iceland. No assurance can be given as to the impact of any possible judicial decision or change to the laws of England or Iceland, as applicable or applicable administrative practice after the date of this Prospectus and any such change could materially adversely impact the value of any Securities affected by it. In Iceland, such changes in law may include, but are not limited to, the introduction of a variety of statutory resolution and loss absorption tools and regulatory and resolution capital requirements (including implementation of BRRD II or similar regulations) which may affect the rights of Holders. Such tools may include the ability to write off sums otherwise payable on the Securities. The Securities will be subject to Icelandic Statutory Loss Absorption Powers (see Condition 18*(d)*).

Risks Relating to the Market Generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

28 ***The secondary market generally***

The Securities represent a new security for which no secondary trading market and there can be no assurance that one will develop. If a market does develop, it may not be liquid and may be sensitive to changes in financial markets. Therefore, investors may not be able to sell their Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of Securities.

If a market for the Securities does develop, the trading price of the Securities may be subject to wide fluctuations in response to many factors, including those referred to in this risk factor, as well as stock market fluctuations and general economic conditions that may adversely affect the market price of the Securities. Publicly traded securities from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them, and such volatility may be increased in an illiquid market. If any market in the Securities does develop, it may become severely restricted, or may disappear, if the financial condition and/or either CET1 Ratio deteriorates such that there is an actual or perceived increased likelihood of the Issuer being unable, or where the Relevant Authority elects to direct the Issuer not, to pay interest on the Securities in full, or of the Securities being Written Down or otherwise subject to loss absorption under the Conditions or an applicable statutory loss absorption regime. In addition, the market price of the Securities may fluctuate significantly in response to a number of factors, some of which are beyond the Issuer's control, including:

- actual or expected variations in the Group's operating performance;
- any shortfall in revenue or net profit or any increase in losses from levels expected by market commentators;
- increases in capital expenditure compared with expectations;
- any perception that the Group's strategy is or may be less effective than previously assumed or that the Group is not effectively implementing any significant projects;
- changes in financial estimates by securities analysts;
- changes in market valuations of similar entities;
- announcements by the Group of significant acquisitions, strategic alliances, joint ventures, new initiatives, new services or new service ranges;
- regulatory matters, including changes in regulatory regulations or Central Bank of Iceland requirements;
- additions or departures of key personnel; and
- future issues or sales of Securities or other securities.

Any or all of these events could result in material fluctuations in the price of Securities which could lead to investors losing some or all of their investment.

The issue price of the Securities might not be indicative of prices that will prevail in the trading market, and there can be no assurance that an investor would be able to sell its Securities at or near the price which it paid for them, or at a price that would provide it with a yield comparable to more conventional investments that have a developed secondary market.

Moreover, although the Issuer can (subject to regulatory approval and compliance with prevailing prudential requirements) purchase (or otherwise acquire) Securities at any time, it has no obligation to do so. Purchases made by the Issuer could affect the liquidity of the secondary market of the Securities and thus the price and the conditions under which investors can negotiate these Securities on the secondary market.

In addition, Holders should be aware of global credit market conditions, whereby there may be a general lack of liquidity in the secondary market which, if it were to worsen, could result in investors suffering losses on the Securities in secondary resales even if there were no decline in the performance of the Securities or the assets of the Issuer. The Issuer cannot predict whether these circumstances will change and, if and when they do change, how liquid the market for the Securities and instruments similar to the Securities at that time would be.

Although application has been made for the Securities to be listed and admitted to trading on the Regulated Market, there is no assurance that such application will be accepted or that an active trading market will develop.

29 *Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the Securities in U.S. dollar. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than U.S. dollar (the "**Specified Currency**"). These include the risk that exchange rates may significantly change (including changes due to devaluation of U.S. dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency or a Specified Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Securities, (ii) the Investor's Currency-equivalent value of the principal payable on the Securities and (iii) the Investor's Currency-equivalent market value of the Securities.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal as measured in the Investor's Currency.

30 *Interest rate risks*

An investment in the Securities involves the risk that, if market interest rates subsequently increase above the rate paid on the Securities, this will adversely affect the value of the Securities.

In addition, a holder of Securities is also exposed to the risk of fluctuating interest rate levels and uncertain interest income.

31 *Credit ratings may not reflect all risks*

The Securities are expected to be rated BB by S&P. The rating may not reflect the potential impact of all risks related to structure, market, the additional factors discussed above, and other factors that may affect the value of the Securities. Further, one or more credit rating agencies may from time to time release unsolicited credit ratings reports in relation to the Securities without the consent or knowledge of the Issuer. The Issuer does not have any control over such reports or analyses and any adverse credit rating of the Securities could adversely affect the value of the Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the EU CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the EU CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the EU CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of

registered and certified rating agencies published by ESMA on its website in accordance with the EU CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the EU CRA Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK CRA Regulation**"). As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of credit ratings issued by third country non-UK credit rating agencies, third country credit ratings are either (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation.

If the status of S&P changes for the purposes of the EU CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Securities may have a different regulatory treatment, which may impact the value of the Securities and their liquidity in the secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Prospectus.

32 ***The Issuer is exposed to changing methodology by rating agencies***

The Issuer is exposed to changes in the rating methodologies applied by rating agencies. Any adverse changes of such methodologies may result in a change in the ratings given to the Issuer or the Securities which in turn may materially and adversely affect the Issuer's operations or financial condition and capital market standing.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following information which has been previously published or are published simultaneously with this Prospectus and which has been filed with Euronext Dublin and the Central Bank of Ireland:

(a) the consolidated financial statements of the Issuer as at and for the year ended 31 December 2024 as prepared in accordance with IFRS accounting standards as adopted by the European Union (EU) and applicable articles in Icelandic law on annual accounts (together with the audit report thereon) (the "**2024 Financial Statements**") which can be viewed online at:

https://www.landsbankinn.is/uploads/documents/arsskyrsluroguppgjor/Consolidated-Financial-Report-2024-EN.pdf

(b) the consolidated financial statements of the Issuer as at and for the year ended 31 December 2023 as prepared in accordance with IFRS accounting standards as adopted by the EU and applicable articles in Icelandic law on annual accounts (together with the audit report thereon) (the "**2023 Financial Statements**") which can be viewed online at:

https://www.landsbankinn.is/uploads/documents/arsskyrsluroguppgjor/Consolidated-Financial-Report-2023-EN.pdf

(c) the sections of the Programme Base Prospectus as set out in the table below, which can be viewed online at:

https://www.landsbankinn.is/uploads/documents/bankinn/emtn/2024-06-14-landsbankin-emtn-base-prospectus.pdf

	Page references (inclusive)
Those parts of the section entitled "Risk Factors" from and including "Economic and financial market risk" to but excluding "Factors which are material for the purpose of assessing the market risks associated with the Notes"	9 to 27
"Description of the Bank"	122 to 136
"Risk Management Framework" (excluding the sub-section entitled "Capital Adequacy")	137 to 150

Such documents shall be incorporated in and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus. Those parts of the documents incorporated by reference in this Prospectus which are not specifically incorporated by reference in this Prospectus are either not relevant for prospective investors in the Securities or the relevant information is included elsewhere in this Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus. No information on any website forms part of this Prospectus except as specifically incorporated by reference, as set out above.

Copies of documents incorporated by reference in this Prospectus may be obtained without charge from the registered office of the Issuer and are available for viewing on the website of the Issuer following the links above.

TERMS AND CONDITIONS OF THE SECURITIES

The following, subject to alteration and completion (and except for paragraphs in italics which are for information purposes only and do not form part of the terms and conditions of the Securities), are the terms and conditions of the Securities which will be endorsed on each Certificate in definitive form (if issued).

The issue of the U.S.$100,000,000 Fixed Rate Reset Perpetual Temporary Write Down Additional Tier 1 Securities (the "**Securities**" which expression shall in these terms and conditions (the "**Conditions**"), unless the context otherwise requires, include any Further Securities issued pursuant to Condition 16) of Landsbankinn hf. (the "**Issuer**") was authorised by a resolution of the Board of Directors of the Issuer passed on 17 October 2024.

The Securities are issued subject to and with the benefit of a fiscal agency agreement (the "**Agency Agreement**") dated 18 February 2025 relating to the Securities between the Issuer, Citibank, N.A., London Branch as the initial fiscal agent (the person for the time being the fiscal agent under the Agency Agreement, the "**Fiscal Agent**") and as the initial agent bank (the person for the time being the agent bank under the Agency Agreement, the "**Agent Bank**"), Citibank Europe PLC as the initial registrar (the person for the time being the registrar under the Agency Agreement, the "**Registrar**"), and the initial transfer agents named therein (the person(s) for the time being the transfer agent(s) under the Agency Agreement, the "**Transfer Agent(s)**") and a deed of covenant (the "**Deed of Covenant**") dated 18 February 2025 executed by the Issuer. Copies of the Agency Agreement and the Deed of Covenant are (i) available for inspection or collection by Holders during usual business hours at the specified offices of the Fiscal Agent, the Registrar and each of the Transfer Agents or (ii) may be provided by email to a Holder following their prior written request to the Fiscal Agent and provision of proof of holding and identity (in a form satisfactory to the Fiscal Agent).

The Holders are deemed to have notice of those provisions applicable to them of the Agency Agreement.

1 Form, Denomination and Title

(a) Form and Denomination

The Securities are serially numbered in the Initial Principal Amounts of U.S.$200,000 and integral multiples of U.S.$1,000 in excess thereof.

The Securities are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2*(a)*, each Certificate shall represent the entire holding of Securities by the same Holder.

(b) Title

Title to the Securities shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the Holder of any Security shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate and no person shall be liable for so treating the Holder.

In these Conditions, "**Holder**" means the person in whose name a Security is registered in the Register.

2 Transfers of Securities

(a) Transfer

A holding of Securities may, subject to Condition 2*(d)*, be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Securities to be transferred, together with the form of transfer endorsed on such Certificate(s), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Securities to a person who is already a Holder, a new Certificate representing the enlarged holding shall only be issued against

surrender of the Certificate representing the existing holding. All transfers of Securities and entries in the Register will be made in accordance with the detailed regulations concerning transfers of Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Fiscal Agent. A copy of the current regulations will be made available by the Registrar to any Holder upon request in writing upon provision of proof of holding of the Securities and identity (in a form satisfactory to the Registrar).

(b) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2*(a)* shall be available for delivery within three business days of receipt of a duly completed and executed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer and Certificate(s) shall have been made or, at the option of the Holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the Holder entitled to the new Certificate to such address as may be so specified, unless such Holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2*(b)*, "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(c) Transfer Free of Charge

Certificates, on transfer, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to such transfer (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(d) Closed Periods

No Holder may require the transfer of a Security to be registered (i) during the period of 15 days ending on (and including) the date on which Securities are scheduled to be redeemed by the Issuer pursuant to Condition 7 or (ii) during the period of seven days ending on (and including) any Record Date.

3 Status and Subordination

(a) Status

The Securities constitute direct, unsecured, unguaranteed and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. The rights and claims of Holders in respect of, or arising under, their Securities (including any damages awarded for breach of obligations in respect thereof) are subordinated as described in this Condition 3.

(b) Solvency Condition

Except in a Winding-Up, all payments in respect of, or arising from (including any damages awarded for breach of any obligations under), the Securities are, in addition to the right or obligation of the Issuer to cancel payments of interest under Condition 5 or Condition 6*(a)*, conditional upon the Issuer being solvent at the time of payment by the Issuer and no principal, interest or any other amount shall be due and payable in respect of, or arising from, the Securities except to the extent that the Issuer could make such payment and still be solvent immediately thereafter (the "**Solvency Condition**").

For these purposes, the Issuer shall be considered to be solvent if (i) it is able to pay its debts owed to its Senior Creditors as they fall due and (ii) its Assets exceed its Liabilities.

A certificate as to the solvency of the Issuer signed by two Directors shall be treated and accepted by the Issuer, the Fiscal Agent, the Holders and all other interested parties as correct and sufficient evidence thereof.

Any payment of interest not due by reason of this Condition 3*(b)* shall not be or become payable at any time and shall be cancelled as provided in Conditions 5*(e)* and 5*(f)*.

(c) Winding-Up

If a Winding-Up occurs, subject to any mandatory provisions of Icelandic law, the rights and claims of the Holders against the Issuer in respect of, or arising under, each Security shall rank *pari passu* among themselves and shall be for (in lieu of any other payment by the Issuer) an amount equal to the Prevailing Principal Amount of the relevant Security, together with, to the extent not otherwise included within the foregoing, any other amounts attributable to such Security, including any damages awarded for breach of any obligations in respect of such Security, whether or not the Solvency Condition is satisfied on the date upon which the same would otherwise be due and payable. Subject to any mandatory provisions of law applicable from time to time, such rights and claims shall, however, be subordinated as provided in this Condition 3*(c)* in that they will rank:

(i) junior to all present or future claims of Senior Creditors;

(ii) *pari passu* with all present or future claims of holders of all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Additional Tier 1 Capital of the Issuer; and

(iii) senior to all present or future claims of holders of all share capital of the Issuer (including instruments included in the Common Equity Tier 1 Capital of the Issuer) and of all other obligations of the Issuer which rank, or are expressed to rank, junior to the Securities.

As at the Issue Date, the Securities are intended to constitute Additional Tier 1 Capital of the Issuer.

(d) Set-off etc.

Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation, counterclaim, netting or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Securities and each Holder shall, by virtue of its holding of any Security (or any beneficial interest therein), be deemed, to the fullest extent permitted under applicable law, to have waived all such rights of set-off, compensation, counterclaim, netting or retention. Notwithstanding the preceding sentence, if any of the amounts owing to any Holder by the Issuer in respect of, or arising under or in connection with the Securities is discharged by set-off, such Holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, if a winding-up board has been appointed, the winding-up board of the Issuer) and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer (or the winding-up board of the Issuer (as the case may be)) and accordingly any such discharge shall be deemed not to have taken place.

Condition 3(d) shall not be construed as indicating or acknowledging that any rights of set-off (including compensation, counterclaim, netting or retention), counterclaim or netting would, but for Condition 3(d), otherwise be available to any Holder with respect to any Security.

4 Interest Payments

(a) Interest Rate

Subject to Conditions 3*(b)*, 5 and 6, the Securities bear interest on their Prevailing Principal Amount at the applicable Interest Rate from (and including) the Issue Date in accordance with the provisions of this Condition 4.

Subject to Conditions 3*(b)*, 4*(b)*, 5 and 6, interest shall be payable on the Securities semi-annually in arrear on each Interest Payment Date in equal instalments (and in respect of each Interest Payment Date up to (and including) the First Reset Date, shall amount to U.S.$40.63 per Calculation Amount), in arrear on each Interest Payment Date as provided in this Condition 4.

Where it is necessary to compute an amount of interest in respect of any Security for a period which is less than a complete Interest Period, the relevant day-count fraction shall be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

(b) Interest Accrual

Subject to Conditions 3*(b)*, 5 and 6, the Securities will cease to bear interest from (and including) the due date for redemption thereof pursuant to Condition 7*(c), (d), (e) or (f)* or the date of substitution thereof pursuant to Condition 7*(g)*, as the case may be, unless, upon surrender of the Certificate representing any Security, payment of all amounts due in respect of such Security is not properly and duly made, in which event interest shall continue to accrue on the Prevailing Principal Amount of such Security, both before and after judgment, and shall be payable, as provided in these Conditions up to (but excluding) the Relevant Date and in respect of any Security shall be calculated per Calculation Amount and the amount of interest per Calculation Amount shall, save as provided in Condition 4*(a)* in relation to equal instalments and subject to Conditions 3(*b*), 5 and 6, be equal to the product of the Calculation Amount, the relevant Interest Rate and the day-count fraction as described in Condition 4*(a)* for the relevant period, rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

If, pursuant to Condition 6, the Prevailing Principal Amount of the Securities is Written Down or Written Up during an Interest Period, the Calculation Amount will be adjusted to reflect such Prevailing Principal Amount from time to time so that the relevant amount of interest is determined by reference to such Calculation Amount as adjusted from time to time and as if such Interest Period were comprised of two or (as applicable) more consecutive interest periods, with interest calculations based on the number of days for which each Prevailing Principal Amount and Calculation Amount was applicable.

(c) Initial Fixed Interest Rate

For the Initial Fixed Rate Interest Period, the Securities bear interest, subject to Conditions 3*(b)*, 5 and 6, at the rate of 8.125 per cent. per annum (the "**Initial Fixed Interest Rate**").

(d) Reset Rate of Interest

The Interest Rate will be reset (the "**Reset Rate of Interest**") in accordance with this Condition 4*(d)* on each Reset Date. The Reset Rate of Interest in respect of each Reset Period will be determined by the Agent Bank on the relevant Reset Determination Date as the sum of the relevant Reset Reference Rate and the Margin (with such sum converted by the Agent Bank from an annual to a semi-annual basis in a commercially reasonable manner, if needed) unless a Benchmark Event has occurred, in which case the Reset Rate of Interest shall be determined pursuant to and in accordance with Condition 4*(i)*.

(e) Determination of Reset Rate of Interest

The Agent Bank will, as soon as practicable after 11:00 a.m. (New York City time) on each Reset Determination Date, determine the Reset Rate of Interest in respect of the relevant Reset Period. The determination of the Reset Rate of Interest by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(f) Publication of Reset Rate of Interest

The Issuer shall cause notice of the Reset Rate of Interest determined in accordance with this Condition 4 in respect of each Reset Period to be given to the Fiscal Agent, the Registrar, each of the Transfer Agents, any stock exchange on which the Securities are for the time being listed and/or admitted to trading and, in accordance with Condition 15, the Holders, in each case as soon as practicable after its determination but in any event not later than the fourth Business Day thereafter.

If the Securities become due and payable pursuant to Condition 9*(a)*, the Reset Rate of Interest payable in respect of the Securities shall nevertheless continue to be calculated as previously by the Agent Bank in accordance with this Condition 4.

(g) Agent Bank and Reset Reference Banks

The Issuer will maintain an Agent Bank and the number of Reset Reference Banks provided below where the Reset Rate of Interest is to be calculated by reference to them. The name of the initial Agent Bank and its initial specified office is set out in the Agency Agreement.

The Issuer may from time to time replace the Agent Bank or any Reset Reference Bank with another leading investment or commercial bank or financial institution. If the Agent Bank is unable or unwilling to continue to act as the Agent Bank or fails duly to determine the Reset Rate of Interest in respect of any Reset Period as provided in Condition 4*(d)*, the Issuer shall forthwith appoint another leading investment or commercial bank or financial institution (of international repute) to act as such in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed as aforesaid.

(h) Determinations of Agent Bank Binding

All notifications and calculations given, expressed or made for the purposes of this Condition 4, by or on behalf of the Agent Bank, shall (in the absence of manifest error) be binding on the Issuer, the Agent Bank, the Fiscal Agent, the Registrar, the Transfer Agents and all Holders and no liability to the Holders or (in the absence of wilful default or bad faith) the Issuer shall attach to the Agent Bank in connection with the exercise or non-exercise by it of any of its powers and duties.

(i) Benchmark Discontinuation

(i) Replacement Rate Determination Agent

If the Issuer determines that a Benchmark Event occurs in relation to the Original Reference Rate when the Reset Reference Rate (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall deliver notice thereof to the Agent Bank and as soon as reasonably practicable appoint an agent, which may be the Issuer, an affiliate of the Issuer or one of the Joint Lead Managers (the "**Replacement Rate Determination Agent**"), to determine a Successor Rate or Alternative Rate (as applicable) and the applicable Adjustment Spread and any other amendments to the terms of the Securities (including, without limitation, any Benchmark Amendments), all in accordance with this Condition *4(i)*.

If the Issuer is unable to appoint a Replacement Rate Determination Agent in accordance with this Condition *4(i)(i)*, the Issuer, acting in good faith, may still make any determinations and/or any amendments contemplated by and in accordance with this Condition *4(i)* (with the relevant provisions in this Condition *4(i)* applying *mutatis mutandis* to allow such determinations or amendments to be made by the Issuer). Where this Condition *4(i)* applies, without prejudice to the definitions set herein, for the purposes of making any determination contemplated by this Condition *4(i)*, the Issuer will take into account any relevant and applicable market precedents and customary market usage as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets.

(ii) Benchmark Discontinuation

(A) Successor Rate or Alternative Rate

If the Replacement Rate Determination Agent determines that:

(x) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Reset Reference Rate (or the relevant component part thereof) for all future payments of interest on the Securities (subject to the operation of this Condition 4*(i)(ii)*); or

(y) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Reset Reference Rate (or the relevant

component part thereof) for all future payments of interest on the Securities (subject to the operation of this Condition 4*(i)(ii)*).

(B) Adjustment Spread

The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(C) Benchmark Amendments

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4*(i)(ii)* and the Replacement Rate Determination Agent determines (i) that amendments to these Conditions are reasonably necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4*(i)(ii)*(D), without any requirement for the consent or approval of the Holders, vary these Conditions to give effect to such Successor Rate, Alternative Rate and/or Benchmark Amendments with effect from the date specified in such notice.

For the avoidance of doubt, the Fiscal Agent and the Agent Bank shall, at the direction and expense of the Issuer, effect such consequential amendments to the Agency Agreement and other agreements or documents as may be required in order to give effect to this Condition *4(i)*; provided, however, that neither the Fiscal Agent nor the Agent Bank shall be obligated to effect any such amendment if doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Fiscal Agent or the Agent Bank, as applicable, in the Agency Agreement. The consent of the Holders shall not be required in connection with implementing the Successor Rate, the Alternative Rate, the Adjustment Spread, the Benchmark Amendments or the consequential amendments referred to above, including for the execution of any documents, amendments or other steps by the Fiscal Agent or the Agent Bank (if required).

(D) Notice

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4*(i)(ii)* will be notified promptly by the Issuer to the Fiscal Agent and the Agent Bank and, in accordance with Condition 15 (*Notices*), the Holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

(E) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Condition 4*(i)(i)* and Conditions 4*(i)(ii)*(A)-(D), the Original Reference Rate and the fallback provisions provided for by Condition 4*(d)* will continue to apply unless and until the Agent Bank has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 4*(i)*(D).

(iii) Determinations in Connection with the Occurrence of a Benchmark Event

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Fiscal Agent and the Agent Bank. For the avoidance of doubt, neither the Fiscal Agent nor the Agent Bank shall have any responsibility for making such determination or be responsible for determining any Successor Rate or Alternative Rate or any Benchmark Amendments. The Fiscal Agent and the Agent Bank will be entitled to conclusively rely on any determinations made by the Issuer or the Replacement Rate Determination Agent and will have no liability for such actions taken at the direction of the Issuer or the Replacement Rate Determination Agent.

Any determination, decision or election that may be made by the Issuer or Replacement Rate Determination Agent (as the case may be) pursuant to this Condition 4*(i)*, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of any event, circumstance or date and any decision to take or refrain from taking any action or selection: (i) will be conclusive and binding absent manifest error; (ii) will be made in the sole discretion of the Issuer or the Replacement Rate Determination Agent (as the case may be); and (iii) notwithstanding anything to the contrary in these Conditions, shall become effective without the consent from the holders of the Securities or any other party.

In the absence of fraud, the Issuer and the Replacement Rate Determination Agent, as applicable, shall have no liability whatsoever to the Issuer, the Agent Bank or the Holders 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 4*(i)*.

(iv) No Successor Rate, Alternative Rate or Related Amendments

Notwithstanding any other provision of this Condition 4*(i)*, no Successor Rate or Alternative Rate (as applicable) will be adopted, nor will the applicable Adjustment Spread be applied, nor will any other amendments to the terms of the Securities (including, without limitation, any Benchmark Amendments) be made, if and to the extent that, in the determination of the Issuer, the same (i) would result in a Capital Disqualification Event, or (ii) could reasonably result in the Relevant Resolution Authority treating any future Interest Payment Date as the effective maturity of the Securities. In such case, or if the Replacement Rate Determination Agent is unable to or otherwise does not determine a Successor Rate or Alternative Rate (as applicable), the Original Reference Rate and the fallback provisions provided for by Condition 4*(d)* will continue to apply.

5 Cancellation of Interest

(a) Optional cancellation of Interest

The Issuer may in its sole and absolute discretion (but subject to the requirement for mandatory cancellation of interest pursuant to Conditions 3*(b)*, 5*(b)*, 5*(c)*, 5*(d)* and 6*(a)*(*iii*)) at any time elect to cancel any interest payment, in whole or in part, which is scheduled to be paid on any date.

If a Capital Disqualification Event occurs and the Securities are no longer eligible to comprise (in whole and not, for the purposes of this Condition 5*(a)*, in part only) Additional Tier 1 Capital and the Issuer has delivered to the Fiscal Agent a certificate signed by two Directors certifying that a Capital Disqualification Event has occurred and the Securities are no longer eligible to comprise (in whole and not, for the purposes of this Condition 5*(a)*, in part only) Additional Tier 1 Capital, but the Issuer has not exercised its option to redeem the Securities pursuant to Condition *7(e)*, (A) the Issuer shall not, to the extent permitted under then prevailing Regulatory Capital Requirements, exercise its discretion pursuant to this Condition 5*(a)* to cancel any interest payment, in whole or in part, which is scheduled to be paid on an Interest Payment Date following the occurrence of such Capital Disqualification Event, and (B) the Issuer shall give notice to the Holders in accordance with Condition 15 as soon as reasonably practicable after such occurrence stating that the Issuer may no longer exercise its discretion pursuant to this Condition 5*(a)* to cancel any interest payments as from the date of such notice.

(b) Mandatory Cancellation of Interest – Insufficient Distributable Items

To the extent required under then prevailing Regulatory Capital Requirements, interest otherwise due to be paid on any date will not become due or payable (in whole or, as the case may be, in part), and the relevant payment will be deemed cancelled and will not be made, if and to the extent that the amount of such interest payment otherwise due (together with any Additional Amounts payable thereon pursuant to Condition 10, if applicable), together with any interest payments or other distributions which have been paid or made or which are scheduled to be paid or made during the then current Financial Year on the Securities and all other own

funds instruments of the Issuer (excluding any such interest payments or other distributions which (i) are not required to be made out of Distributable Items or (ii) have already been provided for, by way of deduction, in the calculation of Distributable Items) in aggregate would exceed the amount of Distributable Items of the Issuer as at such date.

(c) Mandatory Cancellation of Interest – Maximum Distributable Amount

To the extent required under then prevailing Regulatory Capital Requirements, interest otherwise due to be paid on any date will not become due or payable (in whole or, as the case may be, in part), and the relevant payment will be deemed cancelled and will not be made, to the extent that the amount of such interest payment otherwise due (together with any Additional Amounts payable thereon pursuant to Condition 10, if applicable), together with other distributions of the kind referred to in Article 141(2) of the CRD Directive (or any provision of applicable law, transposing or implementing Article 141(2) of the CRD Directive, as amended or replaced) or referred to in any other applicable provisions of the Regulatory Capital Requirements which require a maximum distributable amount to be calculated and which are required under prevailing Regulatory Capital Requirements to be taken into account for this purpose, in aggregate would cause the Maximum Distributable Amount (if any) then applicable to the Issuer or the Issuer Group to be exceeded.

(d) Mandatory Cancellation of Interest – Relevant Authority Order

Interest otherwise due on any date will not be due (in whole or, as the case may be, in part), and the relevant payment will be deemed cancelled and will not be made, to the extent the Relevant Authority orders the Issuer to cancel such payment or such payment would otherwise be prohibited by applicable law or regulation.

(e) Notice of cancellation of Interest

Upon the Issuer electing to cancel any interest payment (or part thereof) pursuant to Condition 5*(a)*, or being prohibited from making any interest payment (or part thereof) pursuant to Conditions 3*(b)*, 5*(b)*, 5*(c)*, 5*(d)* or 6*(a)*(iii), the Issuer shall, as soon as reasonably practicable on or prior to the scheduled payment date, give notice of such non-payment and the reason therefor to the Holders in accordance with Condition 15, provided that any delay in giving or failure to give such notice shall not affect the deemed cancellation of any interest payment (in whole or, as the case may be, in part) by the Issuer and shall not constitute a default under the Securities or for any purpose. Such notice shall specify the amount of the relevant cancellation and, accordingly, the amount (if any) of the relevant interest payment that will be paid on the relevant date.

(f) Interest non-cumulative; no default or restrictions

Any interest payment (or, as the case may be, part thereof) not paid on any relevant scheduled payment date by reason of Condition 3*(b)*, 5*(a)*, 5*(b)*, 5*(c)*, 5*(d)* or *6(a)*(iii) shall be cancelled, shall not accumulate and will not become due or payable at any time thereafter, whether in a Winding-Up or otherwise. The Issuer may use such cancelled payment without restriction and the cancellation of such interest amounts will not impose any restrictions on the Issuer nor prevent or restrict the Issuer from declaring or making any distributions or interest payments on any of its shares or other instruments or obligations.

If the Issuer does not pay any interest payment (in whole or, as the case may be, in part) on the relevant scheduled payment date, such non-payment (whether the notice referred to in Condition 5*(e)* or, as appropriate, Condition 6*(a)* has been given or not) shall evidence either the non-payment and cancellation of such interest payment (in whole or, as the case may be, in part) by reason of it not being due in accordance with Condition 3*(b)* or 6*(a)*(iii), the cancellation of such interest payment (in whole or, as the case may be, in part) in accordance with Conditions 5*(b)*, 5*(c)*, 5*(d)* or 6*(a)*(iii) or, as appropriate, the Issuer's exercise of its discretion to cancel such interest payment (in whole or, as the case may be, in part) in accordance with Condition 5*(a)*. Accordingly, non-payment of any interest (in whole or, as the case may be, in part) in accordance with any of Condition 3*(b)*, 5*(a)*, 5*(b)*, *5(c)*, 5*(d)*, or 6*(a)*(iii), will not constitute a default by the Issuer for any purpose (whether under the Securities or otherwise) and the Holders shall have no right thereto, whether in a Winding-Up or otherwise.

6 Write Down and Write Up

(a) Write Down

If, at any time, it is determined (as provided below) that either Trigger Event has occurred:

(i) the Issuer shall (unless the determination was made by the Relevant Authority), immediately, inform the Relevant Authority of the occurrence of the relevant Trigger Event;

(ii) the Issuer shall, as soon as reasonably practicable, give the relevant Trigger Event Notice which notice shall be irrevocable;

(iii) any interest which is accrued to the relevant Write Down Date and unpaid shall be automatically and irrevocably cancelled (whether or not the same has become due for payment); and

(iv) the then Prevailing Principal Amount of each Security shall be automatically and irrevocably reduced by the relevant Write Down Amount (such reduction being referred to herein as a "**Write Down**", and "**Written Down**" shall be construed accordingly) as provided below.

Such cancellation and reduction shall be automatic and shall take place without the need for the consent of Holders and without delay on such date as is selected by the Issuer (the "**Write Down Date**") but which shall be no later than one month following the occurrence of the relevant Trigger Event and, if applicable, in accordance with the requirements set out in Article 54 of the CRD Regulation or any corresponding provision of Icelandic law implementing the CRD Regulation. The Relevant Authority may require that the period of one month referred to above is reduced in cases where the Relevant Authority assesses that sufficient certainty on the required Write Down Amount is established or in cases where it assesses that an immediate Write Down is needed.

For the purposes of determining whether a Trigger Event has occurred, the CET1 Ratios may be calculated at any time based on information (whether or not published) available to management of the Issuer and/or to the Relevant Authority, including information internally reported within the Issuer pursuant to its procedures for monitoring the CET1 Ratios.

The determination as to whether a Trigger Event has occurred shall be made by the Issuer or the Relevant Authority or any agent appointed for such purpose by the Relevant Authority. Any such determination shall be binding on the Issuer and the Holders.

Any delay in giving or any failure by the Issuer to give a Trigger Event Notice will not, however affect the effectiveness of, or otherwise invalidate, any Write Down, or give Holders or any other person any rights as a result of such failure.

A Trigger Event may occur on more than one occasion (and each Security may be Written Down on more than one occasion).

Any reduction of the Prevailing Principal Amount of a Security pursuant to this Condition 6*(a)* shall not constitute a default by the Issuer for any purpose or cause a breach of the Issuer's obligations or duties or be a failure by the Issuer to perform its obligations in any manner whatsoever, and the Holders shall have no right to claim for amounts Written Down, whether in a Winding-Up or otherwise, save to the extent (if any) such amounts are Written Up in accordance with Condition 6*(d)*.

(b) Write Down Amount

The aggregate reduction of the Prevailing Principal Amounts of the Securities outstanding on the Write Down Date will, subject as provided below, be equal to the lower of:

(i) the amount necessary to generate sufficient Common Equity Tier 1 Capital to result in the lower of the CET1 Ratio of the Issuer and the CET1 Ratio of the Issuer Group being at least 5.125 per cent. at the point of such reduction, after taking into account (subject as provided below and in Condition 6*(c)*) the *pro rata* write down and/or conversion of the prevailing principal amount of all Loss Absorbing Instruments (if any) to be written down and/or converted concurrently (or substantially concurrently)

with the Securities, provided that, with respect to each Loss Absorbing Instrument (if any), such *pro rata* write down and/or conversion shall only be taken into account to the extent required to achieve the CET1 Ratios contemplated above to the lower of (a) such Loss Absorbing Instrument's trigger level and (b) 5.125 per cent. and, in each case, in accordance with the terms of the relevant Loss Absorbing Instruments and the Regulatory Capital Requirements; and

(ii) the amount that would result in the Prevailing Principal Amount of a Security being reduced to one cent.

The aggregate reduction determined in accordance with the immediately preceding paragraph shall be applied to all of the Securities *pro rata* on the basis of their Prevailing Principal Amount immediately prior to the Write Down and references herein to "**Write Down Amount**" shall mean, in respect of each Security, the amount by which the Prevailing Principal Amount of such Security is to be Written Down accordingly.

In calculating any amount in accordance with Condition 6*(b)*(i), the Common Equity Tier 1 Capital (if any) generated as a result of the cancellation of interest pursuant to Condition 6*(a)*(iii) shall not be taken into account.

If, in connection with the Write Down or the calculation of the Write Down Amount, there are outstanding any Loss Absorbing Instruments the terms of which provide that they shall be written down and/or converted in full and not in part only ("**Full Loss Absorbing Instruments**") then:

(A) the provision that a Write Down of the Securities should be effected *pro rata* with the write down and/or conversion, as the case may be, of any Loss Absorbing Instruments shall not be construed as requiring the Securities to be Written Down in full solely by virtue of the fact that such Full Loss Absorbing Instruments may be written down and/or converted in full; and

(B) for the purposes of calculating the Write Down Amount, the Full Loss Absorbing Instruments will be treated (for the purposes only of determining the write down of principal and/or conversion, as the case may be, among the Securities and any Loss Absorbing Instruments on a *pro rata* basis) as if their terms permitted partial write down and/or conversion, such that the write down and/or conversion of such Full Loss Absorbing Instruments shall be deemed to occur in two concurrent stages: (I) first, the principal amount of such Full Loss Absorbing Instruments shall be written down and/or converted *pro rata* (in the manner contemplated above) with the Securities and all other Loss Absorbing Instruments to the extent necessary to achieve the CET1 Ratios referred to in Condition 6*(b)*(i); and (II) secondly, the balance (if any) of the principal amount of such Full Loss Absorbing Instruments remaining following (I) shall be written off and/or converted, as the case may be, with the effect of increasing the CET1 Ratios above the minimum required under Condition 6*(b)*(i).

To the extent the write down and/or conversion of any Loss Absorbing Instruments for the purpose of Condition 6*(b)(i)* is not possible for any reason, this shall not in any way prevent any Write Down of the Securities. Instead, in such circumstances, the Securities will be Written Down and the Write Down Amount determined as provided above but without including for the purpose of Condition 6*(b)(i)* any Common Equity Tier 1 Capital in respect of the write down or conversion of such Loss Absorbing Instruments, to the extent it is not possible for them to be written down and/or converted.

The Issuer shall set out its determination of the Write Down Amount per Calculation Amount in the relevant Trigger Event Notice together with the then Prevailing Principal Amount per Calculation Amount following the relevant Write Down. However, if the Write Down Amount has not been determined when the Trigger Event Notice is given, the Issuer shall, as soon as reasonably practicable following such determination, notify the Write Down Amount to the Holders in accordance with Condition 15, the Registrar, the Fiscal Agent and the Relevant Authority. The Issuer's determination of the relevant Write Down Amount shall be irrevocable and binding on all parties.

(c) Consequences of a Write Down

Following a reduction of the Prevailing Principal Amount of the Securities as described in accordance with Condition *6(a)*, interest will continue to accrue on the Prevailing Principal Amount of each Security following

such reduction, and will be subject to Conditions 3*(b)*, 5*(a)*, 5*(b)*, 5*(c)*, 5*(d)* and 6*(a)*. Any payment of interest not due by reason of Condition 6*(a)(iii)* shall be cancelled as provided in Condition 5*(d)*.

Following any Write Down of the Security, references herein to "Prevailing Principal Amount" shall be construed accordingly. Once the Prevailing Principal Amount of a Security has been Written Down, the relevant Write Down Amount(s) may only be restored, at the discretion of the Issuer, in accordance with Condition 6*(d)*.

Following the giving of a Trigger Event Notice which specifies a Write Down of the Securities, the Issuer shall procure that (i) a similar notice is given in respect of Loss Absorbing Instruments in accordance with their terms and (ii) the then prevailing principal amount of each series of Loss Absorbing Instruments outstanding (if any) is written down and/or converted in accordance with their terms following the giving of such Trigger Event Notice; provided, however, that any failure by the Issuer either to give such a notice or to procure such a write down and/or conversion will not affect the effectiveness of, or otherwise invalidate, any Write Down of the Securities pursuant to Condition *6(a)* or give Holders any rights as a result of either such failure (and, for the avoidance of doubt, the Write Down Amount may increase as a result thereof).

(d) Write Up

The Issuer shall have, save as provided below, full discretion to reinstate, to the extent permitted in compliance with the Regulatory Capital Requirements, any portion of the principal amount of the Securities which has been Written Down and which has not previously been Written Up (such portion, the "**Write Up Amount**"). The reinstatement of the Prevailing Principal Amount (such reinstatement being referred to herein as a "**Write Up**", and "**Written Up**" shall be construed accordingly) may occur on more than one occasion (and each Security may be Written Up on more than one occasion) provided that the principal amount of each Security shall never be Written Up to an amount greater than its Initial Principal Amount.

To the extent that the Prevailing Principal Amount of the Securities has been Written Up as described above, interest shall begin to accrue from (and including) the date of the relevant Write Up on the applicable Prevailing Principal Amount of the Securities.

Any such Write Up of the Securities shall be made on a *pro rata* basis and without any preference among themselves and to the extent permitted or required under then prevailing Regulatory Capital Requirements on a *pro rata* basis with the write up of all Written Down Additional Tier 1 Instruments (if any) that have terms permitting a principal write-up to occur on a basis similar to that set out in these provisions in the circumstances existing on the date of the relevant Write Up. Any failure by the Issuer to Write Up the Securities on a *pro rata* basis with the write up of all Written Down Additional Tier 1 Instruments (if any) however will not affect the effectiveness, or otherwise invalidate, any Write Up of the Securities and/or write up of the Written Down Additional Tier 1 Instruments or give Holders any rights as a result of such failure.

To the extent permitted or required under the then prevailing Regulatory Capital Requirements, any Write Up of the Prevailing Principal Amount of the Securities and any reinstatement of any Written Down Additional Tier 1 Instruments may not exceed the Maximum Distributable Amount (after taking account of (x) any other relevant distributions of the kind referred to in Article 141(2) of the CRD Directive (or any provision of applicable law transposing or implementing Article 141(2) of the CRD Directive, as amended or replaced), or in any other applicable provisions of the Regulatory Capital Requirements which require a maximum distributable amount to be calculated and which are required under prevailing Regulatory Capital Requirements to be taken into account for this purpose and (y) the requirements of Article 21.2(f) of the CRD Supplementing Regulation, as amended or replaced).

Further, to the extent permitted or required under then prevailing Regulatory Capital Requirements, any Write Up of the Prevailing Principal Amount of the Securities may not be made to the extent that the sum of:

(i) the aggregate amount of the relevant Write Up on all the Securities on the Write Up Date;

(ii) the aggregate amount of any other Write Up on the Securities since the Specified Date and prior to the Write Up Date;

(iii) the aggregate amount of any interest payments paid on the Securities since the Specified Date and which accrued on the basis of a Prevailing Principal Amount which is less than the Initial Principal Amount;

(iv) the aggregate amount of the increase in principal amount of each Written Down Additional Tier 1 Instrument at the time of the relevant Write Up;

(v) the aggregate amount of any other increase in principal amount of each Written Down Additional Tier 1 Instrument since the Specified Date and prior to the time of the relevant Write Up; and

(vi) the aggregate amount of any interest payments paid on all Loss Absorbing Instruments since the Specified Date and which accrued on the basis of a prevailing principal amount which is less than its initial principal amount,

would exceed the Maximum Write Up Amount.

As used above:

"**Maximum Write Up Amount**" means, as at any Write Up Date, the lower of:

(A) the consolidated profits after tax of the Issuer Group, as calculated and set out in the then most recently published audited annual consolidated accounts of the Issuer Group, multiplied by the sum of the aggregate Initial Principal Amount of the outstanding Securities and the aggregate initial principal amount of all outstanding Written Down Additional Tier 1 Instruments of the Issuer Group, and divided by the total Tier 1 Capital of the Issuer Group as at the relevant Write Up Date; and

(B) the non-consolidated profits after tax of the Issuer as calculated and set out in the then most recently published audited annual non-consolidated accounts of the Issuer, multiplied by the sum of the aggregate Initial Principal Amount of the outstanding Securities and the aggregate initial principal amount of all outstanding Written Down Additional Tier 1 Instruments, and divided by the total Tier 1 Capital of the Issuer as at the relevant Write Up Date.

"**Specified Date**" means in respect of a Write Up, the date falling at the end of the Financial Year immediately preceding the relevant Write Up Date.

Any Write Up will be subject to (a) it not causing a Trigger Event, (b) the Issuer having taken a formal decision confirming such final profits after tax and (c) the Issuer obtaining any Supervisory Permission required therefor (provided at the relevant time such Supervisory Permission is required to be given) and such Supervisory Permission has not been revoked by the relevant date of such Write Up.

If the Issuer elects to Write Up the Securities pursuant to this Condition 6*(d)*, notice (a "**Write Up Notice**") of such Write Up shall be given to Holders in accordance with Condition 15, the Registrar, the Fiscal Agent and the Relevant Authority specifying the amount of any Write Up and the date on which such Write Up shall take effect (the "**Write Up Date**"). Such Write Up Notice shall be given at least ten Business Days prior to the date on which the relevant Write Up is to become effective.

(e) Currency

For the purpose of any calculation in connection with a Write Down or Write Up of the Securities which necessarily requires the determination of a figure in ISK (or in an otherwise consistent manner across obligations denominated in different currencies), including (without limitation) any determination of a Write Down Amount and/or a Maximum Write Up Amount, any relevant obligations which are not denominated in ISK shall, (for the purposes of such calculation only) be deemed notionally to be converted into ISK at the foreign exchange rates determined, in the sole and full discretion of the Issuer, to be applicable based on its regulatory reporting requirements under the Regulatory Capital Requirements.

7 Redemption, Substitution, Variation and Purchase

(a) No Fixed Redemption Date

The Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall, without prejudice to its ability to effect a Write Down in accordance with Condition 6*(a)*, only have the right to redeem or purchase them in accordance with the following provisions of this Condition 7.

(b) Conditions to Redemption, Substitution, Variation and Purchase

Any redemption, substitution, variation or purchase of the Securities in accordance with Condition 7*(c)*, *(d)*, *(e)*, *(f)*, *(g)* or *(h)* is subject, as applicable, to the condition that:

(i) the Issuer has obtained prior Supervisory Permission therefor and such Supervisory Permission has not been revoked by the relevant date of such redemption, substitution, variation or purchase;

(ii) in the case of any redemption or purchase of any Securities, either: (A) the Issuer has (or will, on or before the relevant redemption or purchase date, have), replaced the Securities with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or, save in the case of Condition 7(*b*)(*v*)(*A*) below, (B) the Issuer has demonstrated to the satisfaction of the Relevant Authority that the own funds and eligible liabilities of the Issuer and the Issuer Group would, following such redemption or purchase, exceed its minimum applicable capital and eligible liabilities requirements (including any applicable buffer requirements) by a margin (calculated in accordance with prevailing Regulatory Capital Requirements) that the Relevant Authority considers necessary at such time;

(iii) in the case of any redemption of the Securities prior to the fifth anniversary of the Reference Date upon the occurrence of a Tax Event, the Issuer has demonstrated to the satisfaction of the Relevant Authority that the change in tax treatment is material and was not reasonably foreseeable as at the Reference Date;

(iv) in the case of any redemption of the Securities prior to the fifth anniversary of the Reference Date upon the occurrence of a Capital Disqualification Event, the Issuer has demonstrated to the satisfaction of the Relevant Authority that the relevant change in the regulatory classification of the Securities was not reasonably foreseeable as at the Reference Date; and

(v) in the case of any redemption or purchase of the Securities prior to the fifth anniversary of the Reference Date pursuant to Condition *7(f)* or Condition *7(h)*, respectively, either (A) the Issuer has (or will, on or before the relevant redemption or purchase date, have) replaced the Securities with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer, and the Relevant Authority having permitted such action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances or (B) the relevant Securities are being redeemed or purchased for market-making purposes in accordance with applicable Regulatory Capital Requirements (including (a) Supervisory Permission having been obtained (where required) and (b) in the case of such a purchase pursuant to Condition 7*(h)*, the total principal amount of the Securities so purchased not exceeding the predetermined amount permitted from time to time to be purchased for market making purposes).

Any refusal by the Relevant Authority to give its Supervisory Permission as contemplated above (or, having given it, any revocation by the Relevant Authority of such Supervisory Permission) shall not constitute a default for any purpose.

Notwithstanding the above conditions, if, at the time of any redemption, substitution, variation or purchase, the prevailing Regulatory Capital Requirements permit the repayment, substitution, variation or purchase only after compliance with one or more alternative or additional pre-conditions to those set out above in this Condition 7*(b)*, the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

In addition, if the Issuer has elected to redeem, substitute or vary the terms of the Securities, or if the Issuer (or any other person for the Issuer's account) has entered into an agreement to purchase any Securities and:

(A) (in the case of a redemption or purchase) the Solvency Condition is not satisfied in respect of the relevant payment on the date scheduled for redemption or purchase; or

(B) prior to the redemption, purchase, substitution or variation of the Securities, a Trigger Event occurs,

the relevant redemption, substitution or variation notice, or as the case may be, the relevant purchase agreement shall be automatically rescinded and shall be of no force and effect and the Issuer shall give notice thereof to the Holders in accordance with Condition 15, the Registrar and the Fiscal Agent, as soon as practicable. Any delay in giving, or any failure by the Issuer to give such notice will not, however affect the effectiveness of, or otherwise invalidate, the automatic rescission of the relevant redemption, substitution or variation notice, or as the case may be, the relevant purchase agreement.

Further, no notice of redemption, substitution or variation shall be given in the period following the occurrence of a Trigger Event and prior to the relevant Write Down Date (and any purported such notice shall be ineffective).

Prior to the publication of any notice of substitution, variation or redemption pursuant to this Condition 7 (other than redemption pursuant to Condition 7*(c)*), the Issuer shall deliver to the Fiscal Agent (i) a certificate signed by two Directors stating that the relevant requirements or circumstances giving rise to the right to redeem, substitute or, as appropriate, vary is satisfied and, in the case of a substitution or variation, that the terms of the relevant Compliant Securities will, following such substitution or variation (as applicable), comply with the definition thereof in Condition 19 and (ii) in the case of a redemption pursuant to Condition *7(d)* only, an opinion from a nationally recognised law firm or other tax adviser in Iceland experienced in such matters to the effect that the relevant requirement of paragraphs (i) and (ii) of the definition of "Tax Event" applies (but, for the avoidance of doubt, such opinion shall not be required to comment on the ability of the Issuer to avoid such circumstances by taking measures reasonable available to it).

(c) Issuer's Call Option

Subject to Condition 7*(b)*, the Issuer may, by giving not less than five nor more than 60 days' notice to the Holders in accordance with Condition 15, the Registrar and the Fiscal Agent (which notice shall, save as provided in Condition 7*(b)*, be irrevocable and shall specify the date fixed for redemption), elect to redeem in accordance with these Conditions all, but not some only, of the Securities:

(i) on any day falling in the period commencing on (and including) 18 February 2030 and ending on (and including) the First Reset Date; or

(ii) on any Interest Payment Date thereafter,

at their Prevailing Principal Amount, together with any accrued and unpaid interest thereon (excluding interest that has been cancelled in accordance with the Conditions) to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 7*(b)*, redeem the Securities.

(d) Redemption Due to Tax Event

If, prior to the giving of the notice referred to below in this Condition 7*(d)*, a Tax Event has occurred and is continuing, then the Issuer may, subject to Condition 7*(b)* and having given not less than five nor more than 60 days' notice to the Holders in accordance with Condition 15, the Registrar, and the Fiscal Agent (which notice shall, save as provided in Condition 7*(b)*, be irrevocable and shall specify the date fixed for redemption), elect to redeem in accordance with these Conditions at any time all, but not some only, of the Securities at their Prevailing Principal Amount, together with any accrued and unpaid interest thereon (excluding interest that has been cancelled in accordance with these Conditions) to (but excluding) the date fixed for redemption provided that (in the case of limb (i) of the definition of Tax Event) 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 Securities then due. Upon the expiry of such notice, the Issuer shall, subject to Condition 7(b), redeem the Securities.

(e) Redemption Due to Capital Disqualification Event

If, prior to the giving of the notice referred to below in this Condition 7*(e)*, a Capital Disqualification Event has occurred and is continuing, then the Issuer may, subject to Condition 7*(b)* and having given not less than five nor more than 60 days' notice to the Holders in accordance with Condition 15, the Registrar and the Fiscal Agent (which notice shall, save as provided in Condition 7*(b)*, be irrevocable and shall specify the date fixed for redemption), elect to redeem in accordance with these Conditions at any time all, but not some only, of the Securities at their Prevailing Principal Amount, together with any accrued and unpaid interest thereon (excluding interest that has been cancelled in accordance with these Conditions) to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 7*(b)*, redeem the Securities.

(f) Issuer's Clean-up Call Option

If, prior to the giving of the notice referred to below in this Condition 7(*f*), 75 per cent. or more of the aggregate principal amount of the Securities originally issued (and, for these purposes, any Further Securities issued pursuant to Condition 16 will be deemed to have been originally issued and any Write Down and/or Write Up of the principal amount of the Securities shall be ignored) has been purchased by the Issuer or by any of its subsidiaries for the Issuer's account and cancelled, then the Issuer may, subject to Condition 7*(b)* and having given not less than five nor more than 60 days' notice to the Holders in accordance with Condition 15, the Registrar and the Fiscal Agent (which notice shall, save as provided in Condition 7(*b)*, be irrevocable and shall specify the date fixed for redemption), elect to redeem in accordance with these Conditions at any time all, but not some only, of the Securities at their Prevailing Principal Amount, together with any accrued and unpaid interest thereon (excluding interest that has been cancelled in accordance with these Conditions) to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 7*(b)*, redeem the Securities.

(g) Substitution or Variation

If a Tax Event, a Capital Disqualification Event or an Alignment Event has occurred and is continuing or in order to ensure the effectiveness and enforceability of Condition 18*(d)*, then the Issuer may, subject to Condition 7*(b)* and having given not less than five nor more than 60 days' notice to the Holders in accordance with Condition 15, the Registrar and the Fiscal Agent (which notice shall, save as provided in Condition 7*(b)*, be irrevocable and shall specify the date fixed for substitution or, as the case may be, variation of the Securities) but without any requirement for the consent or approval of the Holders, at any time either substitute all (but not some only) of the Securities for, or vary the terms of the Securities so that they remain or, as appropriate, become, Compliant Securities. Upon the expiry of such notice, the Issuer shall, subject to Condition 7*(b)* and the following provisions of this Condition 7*(g)*, either vary the terms of or substitute the Securities in accordance with this Condition 7*(g)*, as the case may be.

In connection with any substitution or variation in accordance with this Condition 7*(g)*, the Issuer shall comply with the rules of any stock exchange on which the Securities are for the time being listed and/or admitted to trading.

(h) Purchases

The Issuer may, subject to Condition 7*(b)*, in those circumstances permitted by Regulatory Capital Requirements, at any time purchase (or otherwise acquire), or procure others to purchase (or otherwise acquire) beneficially for its account, Securities in any manner and at any price. The Securities so purchased (or acquired), while held by or on behalf of the Issuer, shall not entitle the Holder to vote at any meetings of the Holders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Holders or for the purposes of Condition 9*(c)*.

(i) Cancellation

All Securities redeemed or substituted by the Issuer pursuant to this Condition 7 will forthwith be cancelled. All Securities purchased by or on behalf of the Issuer may, subject to obtaining any Supervisory Permission therefor (and such Supervisory Permission not having been revoked), be held, reissued, resold or, at the option

of the Issuer, surrendered for cancellation to the Registrar. Securities so surrendered shall be cancelled forthwith. Any Securities so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Securities shall be permanently and irrevocably discharged.

8 Payments

(a) Method of Payment

(i) Payments of principal shall be made in U.S. dollars (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Securities represented by such Certificates) in like manner as is provided for payments of interest in paragraph (ii) below.

(ii) Interest on each Security shall be paid to the person shown in the Register at the close of business on the third business day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Security shall be made in U.S. dollars by transfer to an account in U.S. dollars maintained by the payee with a bank in New York City.

(b) Payments Subject to Laws

Save as provided in Condition 10, payments will be subject in all cases to (a) any applicable fiscal or other laws, regulations and directives in the place of payment or other laws or regulations to which the Issuer or its agents agree to be subject and (b) any withholding or deduction required pursuant to FATCA. The Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements or pursuant to FATCA. No commissions or expenses shall be charged to the Holders in respect of such payments.

In these Conditions, "**FATCA**" means (a) an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), (b) Sections 1471 through 1474 of the Code, (c) any regulations or agreements thereunder or official interpretations thereof, (d) any intergovernmental agreement between the United States and any other governmental authority entered into in connection with the implementation of the foregoing in this definition or (e) any applicable law, rule or official practice implementing such an intergovernmental agreement.

(c) Delay in Payment

Holders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Security if the due date is not a business day.

(d) Business Days and Non-Business Days

If any date for payment in respect of any Security is not a business day, the Holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 8, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the place in which the specified office of the Registrar is located and where payment is to be made by transfer to an account maintained with a bank in U.S. dollar, on which foreign exchange transactions may be carried out in U.S. dollar in New York City.

9 Non-Payment When Due and Winding-Up

(a) Non-Payment

If the Issuer shall not make payment in respect of the Securities for a period of five days (in respect of principal) or 10 days (in respect of interest) or more after the date on which such payment is (without prejudice to Condition 3*(b)*, Condition 5, Condition 6*(a)*(iii) and Condition 6*(a)*(iv)) due, the Issuer shall be deemed to be in default (a "**Default**") under the Securities and any of the Holders may, notwithstanding the provisions of Condition 9*(b)*, institute proceedings for the winding-up of the Issuer.

For the avoidance of doubt no amounts shall be due in respect of the Securities if payment of the same shall have been cancelled in accordance with Condition 3*(b)*, Condition 5, Condition 6*(a)*(iii), Condition 6*(a)*(iv) and/or Condition 7*(b)*, and accordingly non-payment of such amounts shall not constitute a Default.

In the event of a Winding-Up (whether or not instituted by any Holder pursuant to the foregoing), each Holder may prove and/or claim in such Winding-Up, such claim being as contemplated in Condition 3*(c)*.

(b) Enforcement

Without prejudice to Condition 9*(a)*, any Holder may, at its discretion and without further notice, institute such steps, actions or proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Securities (other than any payment obligation of the Issuer under or arising from the Securities, including, without limitation, payment of any principal or interest in respect of the Securities, including any damages awarded for breach of any obligations), provided that in no event shall the Issuer, by virtue of the institution of any such steps, actions or proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been due and payable by it pursuant to these Conditions.

Nothing in this Condition 9*(b)* shall, however, prevent the Holders instituting proceedings for the winding-up of the Issuer, proving and/or claiming in any Winding-Up in respect of any payment obligations of the Issuer arising from the Securities (including any damages awarded for breach of any obligations) in the circumstances provided in, as appropriate, Conditions 3*(c)* and 9*(a)*.

(c) Extent of Holders' Remedy

No remedy against the Issuer, other than as referred to in this Condition 9, shall be available to the Holders, whether for the recovery of amounts owing in respect of the Securities or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Securities.

10 Taxation

All payments of principal, interest and any other amounts by or on behalf of the Issuer in respect of the Securities shall (subject always to Condition 3*(b)*, Condition 5, Condition 6 and Condition 7*(b)*) be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Relevant Jurisdiction, unless such withholding or deduction is required by law. In that event, in respect of payments of interest (but not principal or any other amount) the Issuer will (subject as aforesaid) pay such additional amounts ("**Additional Amounts**") as will result in receipt by the Holders of such amounts as would have been received by them in respect of payment of interest had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Security:

(a) presented for payment in a Relevant Jurisdiction;

(b) held by or on behalf of a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Security by reason of it having some connection with the Relevant Jurisdiction other than a mere holding of such Security; or

(c) presented for payment more than 30 days after the Relevant Date except to the extent that the Holder would have been entitled to an Additional Amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Date.

References in these Conditions (including, without limitation, for the purposes of cancellation pursuant to Condition 5) to interest shall be deemed to include any Additional Amounts which may be payable under this Condition 10 or any undertaking given in addition thereto or in substitution therefor.

Pursuant to point 8 of the first Paragraph of Article 3 of Icelandic Act No 90/2003 on Income Tax (the "**Icelandic Income Tax Act**"), non-Icelandic residents are not subject to tax on any interest income derived by them from the Securities provided the Securities 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 Securities with the Directorate of Internal Revenue in Iceland and receives confirmation of exemption of the Securities from such taxation. The Issuer undertakes to ensure that the Securities are registered and accepted for clearance with an Eligible Securities Depository (which would include Euroclear and Clearstream, Luxembourg) and to register the Securities with the Directorate of Internal Revenue in Iceland on the Reference Date and to obtain a certificate of exemption in respect thereof. In the event that such exemption to the Icelandic Income Tax Act is forfeited, suspended or revoked as a result of the Issuer failing to register the Securities as aforesaid or the Securities being in definitive form and held outside an Eligible Securities Depository or the Securities otherwise ceasing to be registered with an Eligible Securities Depository or for any other reason and any payment in respect of the Securities is accordingly subject to withholding or deduction pursuant to the Icelandic Income Tax Act, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Holders in respect of payments of interest (but not principal or any other amount) after such withholding or deduction shall equal the respective amounts of interest which would otherwise have been receivable in respect of the Securities, in the absence of such withholding or deduction (and the exceptions set out in paragraphs (a) to (c) above shall not be applicable).

Notwithstanding any other provisions of these Conditions, any amounts to be paid on the Securities by or on behalf of the Issuer shall be made net of any deduction or withholding imposed or required pursuant to FATCA ("**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any Additional Amounts in respect of FATCA Withholding.

11 Prescription

Claims against the Issuer for payment in respect of the Securities shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

12 Meetings of Holders

The Agency Agreement contains provisions for convening meetings of Holders (including in a physical place or by any electronic platform (such as a conference call or videoconference) or a combination of such methods) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions. Such a meeting may be convened by the Issuer or by Holders holding not less than 10 per cent. in Prevailing Principal Amount of the Securities for the time being outstanding.

The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 50 per cent. in Prevailing Principal Amount of the Securities for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the Prevailing Principal Amount of the Securities so held or represented, except that at any meeting the business of which includes the modification of certain of these Conditions (including, *inter alia*, the provisions regarding subordination referred to in Condition 3, the terms concerning currency and due dates for payment of principal or interest payments in respect of the Securities and reducing or cancelling the principal amount of, or interest on, any Securities, or the Interest Rate or varying the method of calculating the Interest Rate) the quorum will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the Prevailing Principal Amount of the Securities for the time being outstanding.

The agreement or approval of the Holders shall not be required in the case of cancellation of interest in accordance with Condition 5 or 6*(a)*(iii), alteration to the Prevailing Principal Amount in accordance with Condition 6, any variation to these Conditions and/or the Agency Agreement made pursuant to Condition 4*(i)* or any variation of these Conditions or any substitution of the Securities made in the circumstances described in Condition 7*(g)*.

The Agency Agreement provides that (i) a resolution passed, at a meeting duly convened and held, by a majority of at least 75 per cent. of the votes cast, (ii) a resolution in writing signed by or on behalf of the Holders of not less than 75 per cent. in Prevailing Principal Amount of the Securities for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) by or on behalf of the holder(s) of not less than 75 per cent. in Prevailing Principal Amount of the Securities for the time being outstanding, shall, in each

case, be effective as an Extraordinary Resolution. A resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders.

An Extraordinary Resolution passed at any meeting of Holders or in writing or by way of electronic consents will be binding on all Holders, whether or not they are present at the meeting or voting in favour or, as the case may be, whether or not signing the written resolution or providing electronic consents.

13 Replacement of the Securities

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws and regulations, at the specified office of the Registrar or such other Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Holders in accordance with Condition 15, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

14 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Securities by virtue of the Contracts (Rights of Third Parties) Act 1999.

15 Notices

Notices required to be given to the Holders pursuant to the Conditions shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or Sunday) after the date of mailing. The Issuer shall also ensure that all such notices are duly published (if such publication is required) in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Securities are for the time being listed and/or admitted to trading.

16 Further Issues

The Issuer may from time to time without the consent of the Holders, but subject to it obtaining any Supervisory Permission required therefor (and such Supervisory Permission not having been revoked at the relevant date of such creation and issue), create and issue further securities having the same terms and conditions as the Securities in all respects (or in all respects except for the date and amount of the first payment of interest on them, the issue date and the date from which interest starts to accrue) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Securities) ("**Further Securities**"). References in these Conditions to the Securities include (unless the context requires otherwise) any Further Securities issued pursuant to this Condition 16.

17 Agents

The initial Fiscal Agent, the Registrar, the Agent Bank and the Transfer Agents and their initial specified offices are listed below. They act solely as agents of the Issuer and do not assume any obligation towards or relationship of agency or trust for or with any Holder. The Issuer reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, the Registrar, the Agent Bank and the Transfer Agents and to appoint replacement agents as additional or other Transfer Agents, provided that it will:

(a) at all times maintain a Fiscal Agent, a Registrar and a Transfer Agent;

(b) whenever a function expressed in these Conditions to be performed by the Agent Bank falls to be performed, appoint and (for so long as such function is required to be performed) maintain an Agent Bank; and

(c) so long as the Securities are listed on any stock exchange or admitted to trading by any other relevant authority, maintain that there will at all times be a Transfer Agent 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.

Notice of any such termination or appointment and of any change in the specified offices of the agents will be given to the Holders by the Issuer in accordance with Condition 15. If any of the Agent Bank, the Registrar or the Fiscal Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Conditions or the Agency Agreement (as the case may be), the Issuer shall appoint an independent financial institution to act as such in its place. All calculations and determinations made by the Agent Bank, the Registrar or the Fiscal Agent in relation to the Securities shall (save in the case of manifest error) be final and binding on the Issuer, the Agent Bank, the Registrar, the Fiscal Agent and the Holders.

18 Governing Law and Jurisdiction

(a) Governing Law

The Agency Agreement, the Securities and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of England, save that the provisions of Condition 3 relating to the subordination of the Securities and set-off (and the definitions related thereto set out in these Conditions) are governed by, and shall be construed in accordance with, the laws of Iceland.

(b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Agency Agreement or the Securities (other than Condition 3 relating to the subordination of the Securities and set-off and any definitions related thereto set out in these Conditions ("**Excluded Matters**"), in respect of which the courts of Iceland shall have jurisdiction) and accordingly any legal action or proceedings arising out of or in connection with the Agency Agreement or any Securities (including any legal action or proceedings relating to non-contractual obligations arising out of or in connection with them) ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England in respect of any such Proceedings (other than in respect of Excluded Matters) and to the jurisdiction of the courts of Iceland in respect of any Proceedings relating to Excluded Matters and waives any objection to Proceedings in any such courts whether on the ground of venue or on the ground that Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Holders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of proceedings in any other jurisdiction (whether concurrently or not).

(c) Service of Process and Waiver of Immunity

The Issuer appoints the Embassy of Iceland, London at 2A Hans Street, London SW1X 0JE as its agent for service of process in any proceedings before the English courts in relation to any Proceedings, and undertakes that, in the event of the Embassy of Iceland, London ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. the Issuer agrees that failure by the 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.

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

(d) Acknowledgement of Statutory Loss Absorption Powers

Notwithstanding and to the exclusion of any other term of the Securities or any other agreements, arrangements or understanding between the Issuer and any Holder (which, for the purposes of this Condition 18*(d)*, includes each holder of a beneficial interest in the Securities), by its acquisition of the Securities (or any interest therein), each Holder acknowledges and accepts that the Relevant Amounts arising under the

Securities may be subject to the exercise of Statutory Loss Absorption Powers by the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

(i) the effect of the exercise of any Statutory Loss Absorption Powers by the Relevant Resolution Authority, which exercise (without limitation) may include and result in any of the following, or a combination thereof:

(A) the reduction of all, or a portion, of the Relevant Amounts in respect of the Securities;

(B) the conversion of all, or a portion, of the Relevant Amounts in respect of the Securities into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the Holder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Securities;

(C) the cancellation of the Securities or the Relevant Amounts in respect of the Securities; and

(D) the amendment or alteration of the perpetual nature of the Securities or amendment of the amount of interest payable on the Securities, or the date on which interest becomes payable, including by suspending payment for a temporary period; and

(ii) the variation of the terms of the Securities, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of any Statutory Loss Absorption Powers by the Relevant Resolution Authority.

No repayment or payment of Relevant Amounts in respect of the Securities will become due and payable or be paid after the exercise of any Statutory Loss Absorption Powers by the Relevant Resolution Authority if and to the extent such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise.

Neither a reduction or cancellation, in part or in full, of the Relevant Amounts, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of the Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Issuer, nor the exercise of the Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Securities, will constitute a default for any purpose.

Upon the exercise of the Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Securities, the Issuer will provide a written notice to the Holders in accordance with Condition 15 as soon as practicable regarding such exercise of the Statutory Loss Absorption Powers. Any delay or failure by the Issuer in delivering any notice referred to in this Condition 18 shall not affect the validity and enforceability of the Statutory Loss Absorption Powers nor constitute a default by the Issuer for any purpose.

19 Definitions

In these Conditions:

"**Additional Amounts**" has the meaning given to it in Condition 10;

"**Additional Tier 1 Capital**" has the meaning given to it (or any successor term) from time to time by the Relevant Authority and the applicable Regulatory Capital Requirements;

"**Adjustment Spread**" means either (i) a spread (which may be positive, negative or zero) or (ii) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(a) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate);

(b) the Replacement Rate Determination Agent determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an

industry-accepted replacement rate for the Original Reference Rate; or (if the Replacement Rate Determination Agent determines that no such spread is customarily applied);

(c) the Replacement Rate Determination Agent determines, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

"**Agency Agreement**" has the meaning given to it in the preamble to these Conditions;

"**Agent Bank**" has the meaning given to it in the preamble to these Conditions;

An "**Alignment Event**" will be deemed to have occurred if, as a result of a change in or amendment to the Regulatory Capital Requirements or interpretation thereof, at any time after the Issue Date, the Issuer would be able to issue a capital instrument qualifying as Additional Tier 1 Capital that (i) contains one or more provisions that are, in the reasonable opinion of the Issuer, different in any material respect from those contained in these Conditions or (ii) excludes one or more provisions in these Conditions;

"**Alternative Rate**" means an alternative benchmark or screen rate which the Replacement Rate Determination Agent determines in accordance with Condition *4(i)(ii)(A)* is customarily applied in the international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in U.S. dollars;

"**Assets**" means the unconsolidated gross assets of the Issuer, as shown in the latest published audited balance sheet of the Issuer, but adjusted for subsequent events in such manner as the directors of the Issuer may determine in their sole discretion;

"**Benchmark Event**" means:

(a) the Original Reference Rate ceasing to be published by its administrator (or successor administrator) for a period of at least five (5) consecutive Business Days as a result of such benchmark ceasing to be calculated or administered; or

(b) a public statement or publication of information by or on behalf of the administrator of the Original Reference Rate announcing that it has ceased or that it will cease publishing or providing 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

(c) a public statement or publication of information by or on behalf of the regulatory supervisor of the administrator of the Original Reference Rate, an insolvency official with jurisdiction over the administrator of the Original Reference Rate, a resolution authority with jurisdiction over the administrator for the Original Reference Rate or a court or an entity with similar insolvency or resolution authority over the administrator of the Original Reference Rate, announcing that the administrator of the Original Reference Rate has ceased or that it will cease publishing or providing 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

(d) a public statement or publication of information by or on behalf of the regulatory supervisor of the administrator of the Original Reference Rate announcing that either (i) the Original Reference Rate is no longer representative of an underlying market, (ii) the Original Reference Rate has been or will be prohibited from being used or (iii) the use of the Original Reference Rate has been or will be subject to restrictions or adverse consequences, in each case either generally or in respect of the Securities; or

(e) it has become unlawful for any of the Fiscal Agent, Agent Bank, the Issuer or other party to calculate any payments due to be made to any Holders using the Original Reference Rate,

provided that the Benchmark Event shall be deemed to occur (I) in the case of sub-paragraphs (b) and (c) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (II) in the case of sub-paragraph (d)(i) above, on the date when 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 as specified in the relevant public statement or publication of information, (III) in the case of sub-paragraph (d)(ii) above, on the date when use of the Original Reference Rate is prohibited as specified in the relevant public statement or publication of information, and (IV), in the case of sub-paragraph (d)(iii) above on the date when the Original Reference Rate will be subject to restrictions or adverse consequences as specified in the relevant public statement or publication of information (in each case without regard to the date when the relevant public statement is made or information is published);

"**Business Day**" means a day, other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets are open for general business in London and, if on that day a payment is to be made, Stockholm also;

"**Calculation Amount**" means U.S.$1,000 in principal amount provided that if the Prevailing Principal Amount of each Security is amended (either by Write Down or Write Up in accordance with Condition 6 or as otherwise required by then current legislation and/or regulations applicable to the Issuer), the Calculation Amount shall mean the amount determined in accordance with Condition 6 on a *pro rata* basis to account for such Write Down, Write Up and/or other such amendment otherwise required, as the case may be, and which is notified to Holders in accordance with Condition 15 with the details of such adjustment;

"**Capital Disqualification Event**" is deemed to have occurred if there is a change (which has occurred or which the Relevant Authority considers to be sufficiently certain) in the regulatory classification of the Securities which becomes effective after the Reference Date and that results, or would be likely to result, in some of or the entire Prevailing Principal Amount of the Securities being excluded from the Additional Tier 1 Capital of the Issuer or the Issuer Group (other than by reason of a partial exclusion of the Securities as a result of a Write Down in part or by reason of any applicable limit on the amount of Additional Tier 1 Capital);

"**Certificate**" has the meaning given to it in Condition 1*(a)*;

"**CET1 Capital**", at any time, means the sum, expressed in ISK, of all amounts that constitute the Common Equity Tier 1 Capital at such time of (i) the Issuer less any deductions therefrom required to be made at such time, as calculated on a non-consolidated basis (as referred to in Article 9 of the CRD Regulation or any equivalent or similar law, rule or provision of the Regulatory Capital Requirements then applicable to the Issuer) or, as the context requires, (ii) the Issuer Group less any deductions therefrom required to be made at such time, as calculated on a consolidated basis (as referred to in Article 9 of the CRD Regulation or any equivalent or similar law, rule or provision of the Regulatory Capital Requirements then applicable to the Issuer Group), in each case in accordance with the Regulatory Capital Requirements at such time and taking into account any transitional provisions under the Regulatory Capital Requirements which are applicable at such time to the Issuer or the Issuer Group, as applicable, and the Securities;

"**CET1 Ratio**" means, at any time, as applicable, either:

(a) the ratio of the CET1 Capital of the Issuer at such time to the Risk Weighted Assets of the Issuer at such time and expressed as a percentage (the "**CET1 Ratio of the Issuer**"); or

(b) the ratio of the aggregate amount of the CET1 Capital of the Issuer Group at such time to the Risk Weighted Assets of the Issuer Group at such time and expressed as a percentage (the "**CET1 Ratio of the Issuer Group**");

"**Common Equity Tier 1 Capital**" means common equity tier 1 capital as contemplated by the Regulatory Capital Requirements then applicable, or an equivalent or successor term;

"**Compliant Securities**" means securities issued directly by the Issuer that:

(a) have terms which are not materially less favourable to an investor than the terms of the Securities (when considered generally and without consideration of the individual circumstances of any Holder and as reasonably determined by the Issuer in consultation with an investment bank or financial adviser of international standing (which in either case is independent of the Issuer), and provided that a certificate to such effect (including as to such consultation) of two Directors shall have been delivered to the Fiscal Agent prior to the issue or, as appropriate, variation of the relevant securities), and, subject thereto, which (i) contain

terms which comply with the then current requirements of the Relevant Authority in relation to Additional Tier 1 Capital (or any applicable equivalent term from time to time); (ii) have the same principal amount as the principal amount of the Securities and provide for the same Interest Rate and Interest Payment Dates from time to time applying to the Securities; (iii) rank *pari passu* with the Securities; (iv) preserve any existing rights under these Conditions to any accrued interest or other amounts which have not been either paid or cancelled (but subject always to the right of the Issuer subsequently to cancel such accrued and unpaid interest in accordance with the terms of the securities); (v) contain terms providing for the conversion or write-down of the principal amount of such securities only if such terms are not materially less favourable to holders of the securities than the corresponding provisions of the Securities; and (vi) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Securities, including (without limitation) as to timing of, and amounts payable upon, such redemption; and

(b) are (i) listed on the Official List of Euronext Dublin and admitted to trading on the Regulated Market or (ii) listed on such other stock exchange as is selected by the Issuer.

Any term which is included solely to ensure the effectiveness or enforceability of Clause 18(*d*) shall, of itself, be deemed for the purposes of (a) above not to be materially less favourable to an investor.

"**Conditions**" means the terms and conditions of the Securities, as amended from time to time, as set out herein;

"**CRD Directive**" means the Directive (2013/36/EU) of the European Parliament and of the Council on the access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms dated 26 June 2013, as amended or replaced from time to time (including, without limitation, by Directive (EU) 2019/878) and, as the context permits, any provision of Icelandic law (including but not limited to the Act on Financial Undertakings No. 161/2002, as amended) transposing or implementing such Directive (as it is amended or replaced from time to time);

"**CRD Regulation**" means the Regulation (EU No. 575/2013) of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms dated 26 June 2013, as amended or replaced from time to time (including, without limitation, by Regulation (EU) 2019/876) and, as the context permits, any provision of Icelandic law (including but not limited to the Act on Financial Undertakings No. 161/2002, as amended) transposing or implementing such Regulation (as it is amended or replaced from time to time);

"**CRD Supplementing Regulation**" means the Commission Delegated Regulation (EU No. 241/2014) of 7 January 2014 supplementing the CRD Regulation, as amended or replaced from time to time and as transposed into Icelandic law from time to time after the Issue Date;

"**Directors**" means the directors of the Issuer;

"**Distributable Items**" means, subject as otherwise defined from time to time in the Regulatory Capital Requirements, in relation to interest otherwise scheduled to be paid on a date, the amount of the profits of the Issuer at the end of the last Financial Year immediately preceding such date plus any profits brought forward and reserves available for that purpose before distributions to holders of own funds instruments of the Issuer less any losses brought forward, any profits which are non-distributable pursuant to applicable European Economic Area or national law or the Issuer's constitutional documents and any sums placed in non-distributable reserves in accordance with applicable national law or the constitutional documents of the Issuer, in each case with respect to the specific category of own funds instruments to which European Economic Area or national law or the Issuer's constitutional documents relate; such profits, losses and reserves being determined on the basis of the individual accounts of the Issuer and not on the basis of its consolidated accounts;

"**Euronext Dublin**" means the Irish Stock Exchange plc, trading as Euronext Dublin;

"**Extraordinary Resolution**" has the meaning given to it in the Agency Agreement;

"**Financial Year**" means the financial year of the Issuer (being the one-year period in respect of which it prepares annual audited financial statements) from time to time, which as at the Issue Date runs from (and including) 1 January in one calendar year to (but excluding) the same date in the immediately following calendar year;

"**First Reset Date**" means 18 August 2030;

"**Fiscal Agent**" has the meaning given to it in the preamble to these Conditions;

"**Further Securities**" has the meaning given to it in Condition 16;

"**Holder**" has the meaning given to it in Condition 1(*b*);

"**Iceland**" means the Republic of Iceland;

"**Initial Fixed Interest Rate**" has the meaning given to it in Condition 4(*c)*;

"**Initial Fixed Rate Interest Period**" means the period from (and including) the Issue Date to (but excluding) the First Reset Date;

"**Initial Principal Amount**" means, in relation to each Security, the principal amount of that Security on the Issue Date;

"**Interest Payment Date**" means 18 February and 18 August in each year, starting on (and including) 18 August 2025, provided that if any Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day which is a Business Day, unless it would thereby fall in the next calendar month, in which event it shall be brought forward to the immediately preceding Business Day;

"**Interest Period**" means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

"**Interest Rate**" means the Initial Fixed Interest Rate and/or the relevant Reset Rate of Interest, as the case may be;

"**ISK**" means the lawful currency of Iceland, being Icelandic Krona as at the Issue Date;

"**Issue Date**" means 18 February 2025, being the date of the initial issue of the Securities;

"**Issuer**" has the meaning given to it in the preamble to these Conditions;

"**Issuer Group**" means, in respect of any prudential consolidation group (as that term, or its successor, is used in the Regulatory Capital Requirements) of which the Issuer is part from time to time, the Issuer and each entity which is part of such group;

"**Liabilities**" means the unconsolidated gross liabilities of the Issuer, as shown in the latest published audited balance sheet of the Issuer, but adjusted for contingent and prospective liabilities and for subsequent events in such manner as the directors of the Issuer may determine in their sole discretion;

"**Loss Absorbing Instruments**" means capital instruments or other obligations issued directly or indirectly by any member of the Issuer Group (other than the Securities) which constitute Additional Tier 1 Capital and which include a principal loss absorption mechanism that is capable of generating Common Equity Tier 1 Capital and that is activated by a trigger event set by reference to the CET1 Ratio of the Issuer and/or the CET1 Ratio of the Issuer Group;

"**Margin**" means 4.206 per cent.;

"**Maximum Distributable Amount**" means any applicable maximum distributable amount relating to the Issuer or the Issuer Group required to be calculated in accordance with Article 141 of the CRD Directive (or any provision of applicable law transposing or implementing Article 141 of the CRD Directive, as amended or replaced) or in accordance with any other applicable provisions of the Regulatory Capital Requirements which require a maximum distributable amount to be calculated if the Issuer or the Issuer Group are failing to meet any applicable requirement or any buffers relating to such requirement;

"**Mid-Swap Quotations**" means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed for floating interest rate swap transaction in U.S. dollars which (i) has a term commencing on the relevant Reset Date which is equal to five (5) years; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on the overnight SOFR rate compounded for twelve (12) months (calculated on an Actual/360 day count basis);

"**Original Reference Rate**" means (i) the rate described in paragraph (i) of the definition of "Reset Reference Rate" in this Condition 19; or (ii) (if applicable) any other Successor Rate or Alternative Rate (or any component part(s) thereof) determined and applicable to the Securities pursuant to the earlier application of Condition 4*(i)*;

"**own funds instruments**" has the meaning given to it in the Regulatory Capital Requirements or any applicable equivalent term from time to time;

"**Prevailing Principal Amount**" means, in relation to each Security at any time, the principal amount of such Security at that time, being its Initial Principal Amount, as adjusted from time to time for any Write Down and/or Write Up, in accordance with Condition 6 and/or as otherwise required by then current legislation and/or regulations applicable to the Issuer;

"**Proceedings**" has the meaning given to it in Condition 18*(b)*;

"**Record Date"** has the meaning given to it in Condition 8*(a)*;

"**Reference Date**" means the later of (i) the Issue Date and (ii) the latest date (if any) on which any Further Securities have been issued pursuant to Condition 16;

"**Register**" has the meaning given to it in Condition 1*(b)*;

"**Registrar**" has the meaning given to it in the preamble to these Conditions;

"**Regulated Market**" means the regulated market of Euronext Dublin;

"**Regulatory Capital Requirements**" means, at any time, any requirement or provision contained in the laws, regulations, requirements, guidelines and policies of the Relevant Authority (whether or not having the force of law) or of Iceland or of the European Parliament and Council then in effect in Iceland relating to capital adequacy (whether on a risk-weighted, leverage or other basis), prudential supervision (including the requisite features of own funds instruments) and/or resolution (including any minimum requirement for own funds and eligible liabilities) and applicable to the Issuer and/or, as applicable, the Issuer Group;

"**Relevant Amounts**" means the outstanding principal amount of the Securities, together with any accrued but unpaid interest and Additional Amounts due on the Securities. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any Statutory Loss Absorption Powers by the Relevant Resolution Authority;

"**Relevant Authority**" means the Financial Supervisory Authority of the Central Bank of Iceland (*Seðlabanki Íslands*) or such other authority having primary supervisory authority with respect to prudential matters concerning the Issuer and/or the Issuer Group and/or the Relevant Resolution Authority (if applicable);

"**Relevant Date**" means (i) in respect of any payment other than a sum to be paid by the Issuer in a Winding-Up, the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Holders that, upon further surrender of the Certificate representing such Security being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender, and (ii) in respect of a sum to be paid by the Issuer in a Winding-Up, the date which is one day prior to the date on which an order is made or a resolution is passed for the winding-up (or, in the case of an administration, one day prior to the date on which any dividend is distributed);

"**Relevant Jurisdiction**" means Iceland or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and/or interest on the Securities;

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

(a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

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

"**Relevant Resolution Authority**" means the resolution authority with the ability to exercise any Statutory Loss Absorption Powers in relation to the Issuer and/or the Securities from time to time, which, as at the date hereof, is the Icelandic Financial Supervisory Authority;

"**Reset Date**" means the First Reset Date and each fifth anniversary of the First Reset Date thereafter;

"**Reset Determination Date**" means, in respect of a Reset Period, the day falling two U.S. Government Securities Business Days prior to such first day of such Reset Period;

"**Reset Period**" means the period from and including the First Reset Date to but excluding the next Reset Date, and each successive period from and including a Reset Date to but excluding the next succeeding Reset Date;

"**Reset Rate of Interest**" has the meaning given to it in Condition 4*(d)*;

"**Reset Reference Banks**" means five (5) leading swap dealers in the principal interbank market relating to U.S. dollars selected by the Issuer in its discretion;

"**Reset Reference Bank Rate**" means the percentage rate determined on the basis of the Mid-Swap Quotations provided by the Reset Reference Banks to the Issuer (who shall advise the Agent Bank of the same) at or around 11:00 a.m. in New York on the relevant Reset Determination Date and, rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards). If at least four quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest) (rounded as aforesaid). If only two or three quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided (rounded as aforesaid). If only one (1) quotation is provided, the Reset Reference Bank Rate will be the quotation provided (rounded as aforesaid). If no quotations are provided, the Reset Reference Bank Rate will be (i) in the case of each Reset Period other than the Reset Period commencing on the First Reset Date, the Reset Reference Rate in respect of the immediately preceding Reset Period (rounded as aforesaid) or (ii) in the case of the Reset Period commencing on the First Reset Date, 4.083 per cent.;

"**Reset Reference Rate**" means with respect to any Reset Date from which such rate applies, the rate *per annum* equal to: (i) the applicable annual mid-swap rate for swap transactions in U.S. dollars (with a maturity equal to five (5) years) where the floating leg pays daily compounded SOFR annually, which is calculated and published by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate), as displayed on the Screen Page at 11.00 a.m. (in New York) on the relevant Reset Determination Date or (ii) if such rate is not displayed on the Screen Page at such time and date in circumstances other than those in which the Issuer has determined that a Benchmark Event has occurred or that there is a Successor Rate, as set out in Condition *4(i)(i)* (*Benchmark Discontinuation*), the Reset Reference Bank Rate on the relevant Reset Determination Date;

"**Risk Weighted Assets**" means, at any time, the aggregate amount, expressed in ISK, of the risk weighted assets of the Issuer, as calculated on a non-consolidated basis (as referred to in Article 9 of the CRD Regulation) or, as the context requires, of the Issuer Group, as calculated on a consolidated basis (as referred to in Article 9 of the CRD Regulation) in each case in accordance with the Regulatory Capital Requirements at such time and taking into account any transitional provisions under the Regulatory Capital Requirements which are applicable at such time to the Issuer and/or the Issuer Group and the Securities;

"**Screen Page**" means Bloomberg screen page "USISSO05" or such other screen page as may replace it on Bloomberg or, as the case may be, on such other page provided by such information service that may replace Bloomberg, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying comparable rates;

"**Securities**" has the meaning given to it in the preamble to these Conditions;

"**Senior Creditors**" means, subject to any mandatory provisions of law applicable from time to time, creditors of the Issuer: (a) depositors of the Issuer; (b) who are unsubordinated creditors of the Issuer; (c) whose claims are, or are expressed to be, subordinated to the claims of unsubordinated creditors of the Issuer but not further or otherwise; or (d) whose claims are, or are expressed to be, junior to the claims of other creditors of the Issuer, whether subordinated or unsubordinated, other than those whose claims rank, or are expressed to rank, *pari passu* with, or junior to, the claims of the Holders in a winding-up in respect of the Securities (and, for the avoidance of doubt, Senior Creditors shall include holders of Tier 2 Capital instruments);

"**SOFR**" unless the context otherwise requires, means, in respect of any Business Day, a reference rate equal to the daily Secured Overnight Financing Rate as provided by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate) on the New York Fed's website, in each case on or about 5:00 p.m. (New York City Time) on the Business Day immediately following such Business Day;

"**Solvency Condition**" has the meaning given to it in Condition 3*(b)*;

"**Statutory Loss Absorption Powers**" means any write-down, conversion, transfer, modification, suspension or similar or related powers existing from time to time under, and exercised in compliance with, any Statutory Loss Absorption Regime;

"**Statutory Loss Absorption Regime**" means any statutory regime implemented or directly effective in Iceland which provides any Relevant Resolution Authority with the powers to implement loss absorption measures in respect of capital instruments (such as the Securities), including, but not limited to, the Act on the Recovery and Resolution of Credit Institutions, No. 70/2020;

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

"**Supervisory Permission**" means, in relation to any action, such notice, permission, consent, approval, non-objection and/or waiver as is required therefor under prevailing Regulatory Capital Requirements (if any);

"**Tax Event**" is deemed to have occurred if as a result of a Tax Law Change:

(a) in making any payments on the Securities, the Issuer has paid or will or would on the next payment date be required to pay Additional Amounts; or

(b) the Issuer is no longer entitled to claim a deduction in a Relevant Jurisdiction in respect of any payments in respect of the Securities in computing its taxation liabilities or the amount of such deduction is materially reduced;

and, in any such case the Issuer could not avoid the foregoing by taking measures reasonably available to it;

"**Tax Law Change**" means a change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of a Relevant Jurisdiction, including any treaty to which such Relevant Jurisdiction is a party, or any change in the application of official or generally published interpretation of such laws, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position in relation to similar transactions, which change or amendment (a) (subject to (b)) becomes, or would become, effective on or after the Reference Date, or (b) in the case of a change or proposed change in law, if such change is enacted (or, in the case of a proposed change, is expected to be enacted), on or after the Reference Date;

"**Tier 1 Capital**" has the meaning given to it (or any successor term) from time to time by the Relevant Authority and the applicable Regulatory Capital Requirements;

"**Tier 2 Capital**" has the meaning given to it (or any successor term) from time to time by the Relevant Authority and the applicable Regulatory Capital Requirements;

"**Transfer Agent**" has the meaning given to it in the preamble to these Conditions;

"**Trigger Event**" means either (a) the CET1 Ratio of the Issuer having fallen below 5.125 per cent. and/or (b) the CET1 Ratio of the Issuer Group having fallen below 5.125 per cent.;

"**Trigger Event Notice**" means the notice referred to as such in Condition 6*(a)* which shall be given by the Issuer to the Holders, in accordance with Condition 15, the Registrar, the Fiscal Agent and the Relevant Authority, and which shall state with reasonable detail the nature of the relevant Trigger Event, the relevant Write Down being implemented, any Write Down Amount (if then known) and the basis of its calculation and the relevant Write Down Date;

"**U.S.$**" or "**U.S. dollars**" means the lawful currency of the United States of America;

"**U.S. Government Securities Business Day**" means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities;

"**Winding-Up**" means a bankruptcy, liquidation, dissolution or winding-up of the Issuer or analogous proceedings over the Issuer in each case by way of exercise of public authority;

"**Write Down**" and "**Written Down**" shall be construed as provided in Condition 6*(a)*;

"**Write Down Amount**" has the meaning given to it in Condition 6*(a)*;

"**write down and/or conversion**" means, in respect of any Loss Absorbing Instruments, the reduction and/or, as the case may be, conversion into Common Equity Tier 1 Capital of the prevailing principal amount of such instruments as contemplated in Condition *6(b)*;

"**Write Down Date**" has the meaning given to it in Condition 6*(a)*;

"**Write Up**" and "**Written Up**" shall be construed as provided in Condition 6*(d)*;

"**Write Up Amount**" has the meaning given to it in Condition 6*(d)*;

"**Write Up Date**" has the meaning given to it in Condition *6(d)*;

"**Write Up Notice**" has the meaning given to it in Condition 6*(d)*; and

"**Written Down Additional Tier 1 Instrument**" means an instrument (other than the Securities) issued directly or indirectly by the Issuer or any member of the Issuer Group and qualifying (or which would qualify after any write-up pursuant to its terms) as Additional Tier 1 Capital of the Issuer or the Issuer Group (as the case may be) that, immediately prior to any Write Up of the Securities, has a prevailing principal amount which is less than its initial principal amount due to a write down and that has terms permitting a principal write up to occur on a basis similar to that set out in Condition 6*(d)* in the circumstances existing on the relevant Write Up Date.

DESCRIPTION OF THE SECURITIES WHILE IN GLOBAL FORM

1 Initial Issue of Certificates

The Global Certificate will be registered in the name of a nominee (the "**Registered Holder**") for a common depositary for Euroclear and Clearstream, Luxembourg (the "**Common Depositary**") and may be delivered on or prior to the original issue date of the Securities.

Upon the registration of the Global Certificate in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Securities equal to the nominal amount thereof for which it has subscribed and paid.

2 Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system ("**Alternative Clearing System**") as the holder of a Security represented by the Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the holder of the Global Certificate and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Securities for so long as the Securities are represented by the Global Certificate and such obligations of the Issuer will be discharged by payment to the holder of the Global Certificate in respect of each amount so paid.

3 Exchange

The following will apply in respect of transfers of Securities held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Securities within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Securities may be withdrawn from the relevant clearing system.

Transfers of the holding of Securities represented by the Global Certificate pursuant to Condition 2(a) may only be made in part:

(i) if the relevant clearing system is closed for business for a continuous period of at least 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or

(ii) upon or following any failure by the Issuer to make payment in respect of any Securities when an amount is due and payable; or

(iii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph (i) or (ii) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

4 Amendment to Conditions

The Global Certificate contains provisions that apply to the Securities that it represents, some of which modify the effect of the terms and conditions of the Securities set out in this Prospectus. The following is a summary of certain of those provisions:

4.1 Payments

All payments in respect of Securities represented by the Global Certificate will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing

System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday (inclusive), except 25 December and 1 January.

4.2 Meetings

For the purposes of any meeting of Holders, the holder of the Securities represented by the Global Certificate shall be treated for the purposes of any meeting of Holders as being entitled to one vote in respect of each U.S.$1 in nominal amount of the currency of the Securities.

4.3 Notices

For so long as the Securities are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and Clearstream, Luxembourg, notices may be given to the Holders by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to their respective accountholders in substitution for publication as required by the Conditions provided that, for so long as the Securities are listed on the Regulated Market or on any other stock exchange, notices will also be given in accordance with any applicable requirements of such stock exchange.

4.4 Write Down/Write Up of Securities

For so long as the Securities are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear and Clearstream, Luxembourg, any Write Down or Write Up of the Prevailing Principal Amount of the Securities shall be treated on a *pro rata* basis which, for the avoidance of doubt, shall be effected in the records of Euroclear and Clearstream, Luxembourg as a reduction or increase, as the case may be, of the pool factor.

5 Electronic Consent and Written Resolution

While the Global Certificate is held on behalf of a relevant Clearing System, then:

(a) approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant Clearing System(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Securities outstanding (an "**Electronic Consent**" as defined in the Agency Agreement) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the Special Quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Holders duly convened and held, and shall be binding on all Holders whether or not they participated in such Electronic Consent; and

(b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Agency Agreement) has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer by (a) accountholders in the relevant Clearing System(s) with entitlements to such Global Certificate and/or, (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other Alternative Clearing System and, in the case of (b) above, the Alternative Clearing System and the accountholder identified by the Alternative Clearing System for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Holders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the Alternative Clearing System (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Securities is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

USE OF PROCEEDS

The net proceeds of the issue of the Securities will be used by the Issuer for its general corporate purposes.

RISK MANAGEMENT FRAMEWORK AND CAPITAL ADEQUACY

The risk management framework of the Issuer and related regulatory considerations which the Issuer believes are relevant to the Securities are incorporated herein by reference from pages 137 to 144 and 145 to 150 of the Programme Base Prospectus and supplemented by the information set out below.

Capital Adequacy

As at 31 December 2024, the Issuer's most recent capital requirements, as determined by the Central Bank of Iceland, are as follows (as a percentage of the risk-weighted exposure amount):

	CET1	Tier 1	Total
Pillar I	4.5%	6.0%	8.0%
Pillar II-R	1.4%	1.9%	2.5%
Minimum requirement under Pillar I and Pillar II-R	5.9%	7.9%	10.5%
Systemic risk buffer	1.9%	1.9%	1.9%
Capital buffer for systematically important institutions	3.0%	3.0%	3.0%
Countercyclical capital buffer[1]	2.5%	2.5%	2.5%
Capital conservation buffer	2.5%	2.5%	2.5%
Combined buffer requirement	9.9%	9.9%	9.9%
Total Capital Requirement	15.8%	17.8%	20.4%

- The combined buffer requirement ("**CBR**") shall be met in full with Common Equity Tier 1 ("**CET1**") capital
- Tier 1 capital is the sum of CET1 capital and Additional Tier 1 capital
- Total capital is the sum of Tier 1 capital and Tier 2 capital

The Issuer's capital target as at 31 December 2024 is based on the current regulatory capital requirement of 15.8 per cent. CET1 (compared to 15.5 per cent. as at 31 December 2023) and 20.4 per cent total capital requirement (compared to 20.2 per cent. as at 31 December 2023). In addition, the Issuer defines a management buffer for the purpose of targeting and managing its capital position comfortably above the overall regulatory capital requirement. Determination of the management buffer is based on various current and forward-looking factors such as the economic and funding outlook, competitive issues, risk profile and business plan. The Issuer also aims to be in the highest category for risk-adjusted capital ratio, as determined and measured by the relevant credit rating agencies.

Further information can be found in note 47 in the 2024 Financial Statements, which is incorporated by reference into this Prospectus.

The following table sets forth an analysis of the Group's capital adequacy (as relevant) as of 31 December 2024. The amounts below are expressed in million ISK or as a percentage of the risk-weighted exposure amount.

	As of 31 December 2024	As of 31 December 2023
	(in ISK millions except percentages)	
CET1 ratio, CRR (%) *(for the Issuer and the Group)*	21.5%	22.0%
Tier 1 capital requirement (%)	17.8%	17.5%
Tier 1 capital ratio (%)	21.5%	22.0%
Total capital ratio (%)	24.3%	23.6%
Sum of Minimum Pillar I and II-R requirements and Combined Buffer Requirement (%)	20.4%	20.2%
MREL total requirement (%)	30.9%	31.0%
Sum of MREL funds	534,642	484,825

[1] On 15 March 2023 the FSC increased the value of the countercyclical capital buffer from 2.0 per cent. to 2.5 per cent., taking effect 12 months thereafter. From 16 March 2024 the countercyclical capital buffer on domestic exposures is therefore 2.5 per cent.

Sum of MREL funds (%)	38.2%	37.9%
MREL subordinated requirement (%)	23.4%	-
Sum of Subordinated MREL funds	356,605	-
Sum of Subordinated MREL funds (%)	25.5%	-
Risk-weighted exposure amount	1,401,041	1,279,436
AT1 Trigger Level (%)	5.125%	5.125%
Distance to CET1 requirement (excluding any AT1/T2 bucket inefficiencies) (%)	5.7%	6.5%
Buffer to Trigger Level (%)	16.4%	16.9%
Distance to Maximum Distributable Amount Restrictions (excluding any AT1/T2 bucket inefficiencies)	79,859	83,163
Total Available Distributable Items	167,305	148,108

TAXATION

The comments below are of a general nature based on the Issuer's understanding of current law and practice. They relate only to the position of persons who are the holders and absolute beneficial owners of Securities. They may not apply to certain classes of persons such as dealers. Prospective holders of Securities who are in any doubt as to their personal tax position or who may be subject to tax in any other jurisdiction should consult their professional advisers.

Furthermore, investors should note that the appointment by an investor in Securities, or any person through which an investor holds Securities, of a custodian, collection agent or similar person in relation to such Securities in any jurisdiction may have tax implications. Prospective investors are advised to consult their tax advisers as to the consequences, under the tax law of the countries of their respective citizenship, residence or domicile, of a purchase of Securities, including but not limited to, the consequences of receipt of payments under the Securities and their disposal or redemption.

The summary below is of a general nature based upon the law and practice of Iceland as in effect on the date of this Prospectus. It should not be construed as providing specific advice as to Icelandic taxation and is subject to any change in law or practice in Iceland that may take effect after such date.

Non-Icelandic Tax Residents

As a general rule, Article 3 (8) of the Income Tax Act No. 90/2003 (the "**ITA**") provides that any interest received from Iceland (outbound payments), such as the interest payable according to the Securities, by any person or entity residing outside of Iceland is taxable income in Iceland. According to Article 70 (8) of the ITA, the current tax rate on taxable income under Article 3 (8) of the ITA is (a) 12 per cent. for individuals (only applicable to interest income exceeding the annual amount of ISK 300,000); and (b) 12 per cent. for legal entities.

From the general rule of Article 3 (8) of the ITA, there are certain exemptions listed in the provision, e.g. if an applicable double taxation treaty states otherwise. Also, according to Article 3 (8) of the ITA, cf. Article 3 (3) of Regulation no. 630/2013, the Issuer is not required by Icelandic law to deduct or withhold tax from interest payments on notes or bonds that are issued by a financial institution, in its own name, registered with a securities depository in 1) a member state of the OECD, 2) a member state of the EEA, 3) a member state of The European Free Trade Association ("**EFTA**"), or 4) the Faroe Islands, and do not constitute business subject to restrictions, cf. chapter III of Act No. 70/2021 on Foreign Exchange. The Issuer has obtained confirmation from the Directorate of Internal Revenue in Iceland (the "**RSK**") that the issue of the Securities is within the scope of the exemption contained in Article 3 (8) of the ITA and based on this confirmation, has registered the Securities with the RSK and the RSK has provided a certificate confirming that the Securities are exempt from such taxation.

In the event that such exemption were to be withdrawn in the future, the Issuer will make the relevant withholding at source in accordance with the provisions of Regulation No. 630/2013, on the taxation and withholding of interest to parties' subject to limited tax liability (as based on Article 3 (8) of the ITA and Article 41 of the Act No.45/1987 on Withholding of Public Levies at Source).

There are no estate or inheritance taxes, succession duties, gift taxes or capital gains taxes imposed by Iceland or any authority of or in Iceland in respect of Securities if, at time of the death of the holder or the transfer of the Securities, such holder or transferor is not a resident of Iceland.

Capital gains on the sale of the Securities are classified as interest under Icelandic tax law. Accordingly, based on the wording of Article 3 (8) of the ITA, cf. Article 3 (3) of Regulation no. 630/2013, capital gains on the sale of the Securities should not be subject to Income tax in Iceland, provided a tax exemption is in place in accordance with the above.

No Icelandic issue tax or stamp duty will be payable in connection with the issue of any Securities.

Icelandic Tax Residents

Owners of the Securities that are residents in Iceland for tax purposes are subject to income tax in Iceland on their interest income in accordance with Icelandic tax law. The applicable tax rate depends on their tax status.

Capital gains on the sale of the Securities are subject to the same tax as interest income of Icelandic residents.

Subject to certain exemptions (which apply, inter alia, to pension funds), the Issuer is required to withhold a 22 per cent. tax on the interest paid to the holders of Securities who are Icelandic residents, cf. Act No. 94/1996 on Withholding of Tax on Financial Income. Such withholding is considered a preliminary tax payment but does not necessarily constitute the final tax liability of the holder. However, the Issuer should generally not be held responsible for withholding tax on income related to bonds that have been registered as exempted with the Director of Revenue, unless the Issuer has knowledge that the bonds have been acquired by an Icelandic tax resident, cf. inter alia explanatory notes accompanying Act No. 39/2013, amending the ITA. This exemption of the withholding obligation does not affect the tax obligations of the relevant bondholder.

FATCA

Foreign Account Tax Compliance Act ("FATCA")

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer believes that it is a foreign financial institution for these purposes. A number of jurisdictions (including Iceland) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Securities, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Securities, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Securities, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register, and Securities characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless such Securities are (i) materially modified after such date or (ii) treated as equity for U.S. federal income tax purposes. However, if additional Further Securities are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Securities as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Securities. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Securities, no person will be required to pay additional amounts as a result of the withholding.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "Commission's Proposal") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (each, other than Estonia, a "**participating Member State**"). Estonia has since ceased to participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Securities (including secondary market transactions) in certain circumstances. The issuance and subscription of Securities should, however, be exempt.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Securities where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States and the scope of any such tax is uncertain. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU member states might decide to participate.

Prospective holders of the Securities are advised to seek their own professional advice in relation to the FTT and its potential impact on the Securities.

SUBSCRIPTION AND SALE

The Managers have, pursuant to a subscription agreement dated 14 February 2025, jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe the Securities at 100 per cent. of their principal amount less a combined management and underwriting commission. In addition, the Issuer has agreed to reimburse the Managers for certain of their expenses and to indemnify the Managers against certain liabilities in connection with the issue of the Securities. The Subscription Agreement entitles the Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

General

Neither the Issuer nor any Manager has made any representation that any action will be taken in any jurisdiction by the Managers or the Issuer that would permit a public offering of the Securities, or possession or distribution of this Prospectus (in preliminary, proof or final form) or any other offering or publicity material relating to the Securities (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Each Manager has agreed that it will comply to the best of its knowledge and belief in all material respects with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Securities or has in its possession or distributes this Prospectus (in preliminary, proof or final form) or any such other material, in all cases at its own expense. It will also ensure that no obligations are imposed on the Issuer or any other Manager in any such jurisdiction as a result of any of the foregoing actions.

The Securities are not intended to be sold and should not be sold to retail clients in the EEA, as defined in the rules set out in MiFID II, or to retail clients in the UK, as defined in the rules set out in UK MiFIR. Prospective investors are referred to the section headed "*Prohibition on Marketing and Sales to Retail Investors*" in this Prospectus for further information.

United States

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

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Securities (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Securities are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Securities, an offer or sale of Securities within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Prohibition of Sales to EEA Retail Investors

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by this Prospectus to any retail investor in the EEA. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(ii) a customer within the meaning of 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.

Prohibition of Sales to UK Retail Investors

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities which are the subject of the offering contemplated by this Prospectus to any retail investor in the UK. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law in the UK by virtue of the EUWA; or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, 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 in the UK by virtue of the EUWA.

United Kingdom

Each Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the UK.

Italy

Each Manager has represented and agreed that the offering of the Securities has not been registered pursuant to Italian securities legislation and, accordingly, the Securities may not be offered, sold or delivered, nor may copies of this Prospectus or any other document relating to the Securities be distributed in the Republic of Italy ("**Italy**"), except:

(a) to qualified investors (*investitori qualificati*), as defined in Article 2 of the Prospectus Regulation; or

(b) in other circumstances which are exempted from the rules on solicitation of investments pursuant to Article 1 of the Prospectus Regulation, Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**"), Article 34, first paragraph, of CONSOB Regulation No. 11971 of 14 May 1999 ("**Regulation No. 11971**") and applicable Italian laws, each as amended from time to time.

Furthermore, each Manager has represented and agreed that any offer, sale or delivery of the Securities or distribution of copies of this Prospectus or any other document relating to the Securities in the Republic of Italy under (a) or (b) above must be:

(i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 and Legislative Decree No. 385 of 1 September 1993 (the "**Italian Banking Act**");

(ii) in compliance with Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and

(iii) in accordance with any other applicable laws and regulations including those imposed by CONSOB or other Italian authority.

Switzerland

This Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Securities described herein. The Securities may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**") and no application has or will be made to admit the Securities to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Prospectus nor any other offering or marketing

material relating to the Securities constitutes a prospectus neither this Prospectus nor any other offering or marketing material relating to the Securities may be publicly distributed or otherwise made publicly available in Switzerland.

Japan

The Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended; the "**FIEA**") and each Manager has represented and agreed that it will not offer or sell any Securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Hong Kong

Each Manager has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any of the Securities (except for Securities which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**")) other than (i) to "professional investors" as defined in the SFO and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

Each Manager has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented, warranted and agreed that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

*Singapore SFA Product Classification: In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**") the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Securities are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).*

Canada

Each Manager has acknowledged that the Securities may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Each Manager has further represented and agreed that it

has only offered, sold or otherwise transferred and will only offer, sell or otherwise transfer the Securities to such purchasers in Canada.

GENERAL INFORMATION

1. The issue of the Securities was duly authorised by a resolution of the Board of Directors of the Issuer dated 17 October 2024.

2. Application has been made to Euronext Dublin for the Securities to be admitted to trading on the Regulated Market and to be listed on the Official List. It is expected that admission of the Securities to the Official List and to trading on the Regulated Market will be granted on or about 18 February 2025, subject only to the issue of the Securities.

3. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Securities and is not itself seeking admission of the Securities to the Official List or to trading on the Regulated Market for the purposes of the Prospectus Regulation.

4. The Securities have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for the Securities is XS2936712905 and the Common Code for the Securities is 293671290. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, 1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

5. The Classification of Financial Instrument (CFI) code and the Financial Instrument Short Name (FISN) code for the Securities are each as set out on the website of the Association of National Number Agencies (ANNA). The Legal Entity Identifier (LEI) of the Issuer is 549300TLZPT6JELDWM92.

6. Assuming coupons are paid in full and that no Write Down occurs, the yield of the Securities is 8.290 per cent. on an annual basis. The yield is calculated on the basis of the issue price to the First Reset Date as at the Issue Date of the Securities and is not an indication of future yield.

7. Other than as referred to in note 30 of the 2024 Financial Statements, neither the Issuer nor any other member of the Issuer Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had significant effect on the financial position or profitability of the Issuer or the Issuer Group.

8. There has been no significant change in the financial position or financial performance of the Issuer Group since 31 December 2024 and there has been no material adverse change in the prospects of the Issuer since 31 December 2024.

9. Copies of the following documents in electronic form will, when published, be available for inspection at https://www.landsbankinn.is/en/the-bank/investor-relations/funding for so long as the Securities remain outstanding:

    (i) the articles of association and certificate of incorporation (with English translations thereof) of the Issuer;

    (ii) a copy of this Prospectus;

    (iii) a copy of the Programme Base Prospectus;

    (iv) the 2024 Financial Statements;

    (v) the 2023 Financial Statements; and

    (vi) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in any supplement to this Prospectus.

10. The National Audit Office, Skúlagata 57, 105 Reykjavík, Iceland, has been the Issuer's statutory auditor for the financial years 2015 – 2024. The National Audit Office is authorised to outsource part of its assignments and outsourced the audit of the Issuer to PricewaterhouseCoopers ehf., ("**PwC**") registered office at Skógarhlíð 12, 105 Reykjavík, Iceland. Arna Guðrún Tryggvadóttir is appointed the independent auditor on behalf of PwC. She is a member of the Institute of State Authorized Public Accountants in Iceland.

11. In accordance with Art. 90 of the Act on Financial Undertakings, an auditor of a financial undertaking shall be elected for a five-year term and the same auditor or audit firm shall not be re-elected until five years have passed from the term previously concluded. Grant Thornton endurskoðun ehf., registered office at Suðurlandsbraut 20, 108 Reykjavík Iceland ("**Grant Thornton**"), had audited the Issuer for five years at the end of the financial year 2019.Certain of the Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial transactions with, and may perform services to the Issuer and/or the Issuer's affiliates in the ordinary course of business. They have received, or may in the future receive, customary fees and commissions for these transactions. In addition, in the ordinary course of their business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. Certain of the Managers or their affiliates that have a lending relationship with the Issuer and/or the Issuer's affiliates routinely hedge their credit exposure to the Issuer and/or the Issuer's affiliates consistent with their customary risk management policies. Typically, such Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Securities. Any such positions could adversely affect future trading prices of the Securities. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

REGISTERED OFFICE OF THE ISSUER

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Taunustor 1 (TaunusTurm)
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Germany

STRUCTURING ADVISOR

Citigroup Global Markets Europe AG
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60313 Frankfurt am Main
Germany

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United Kingdom

to the Managers
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London EC2Y 8HQ
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to the Managers
(as to Icelandic law)
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Iceland

INDEPENDENT AUDITORS OF THE ISSUER

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Skógarhlíð 12
105 Reykjavík
Iceland

LISTING AGENT

Arthur Cox Listing Services Limited
Ten Earlsfort Terrace
Dublin 2
Ireland