LISTING PARTICULARS DATED 24 SEPTEMBER 2021

Íslandsbanki hf.

(a company incorporated with limited liability in Iceland)

SEK750,000,000 Floating Rate Perpetual Temporary Write Down Securities

Issue Price: 100 per cent.

The SEK750,000,000 Floating Rate Perpetual Temporary Write Down Securities (the "**Securities**") will be issued by Íslandsbanki hf. (the "**Issuer**") on 28 September 2021 (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 Floating Interest Rate as provided in Condition 4. Interest will be payable on the Securities quarterly in arrear on each Interest Payment Date (as defined in the Conditions), commencing on 28 December 2021, 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)* 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 or be payable at any time thereafter, no amount will become due from the Issuer in respect thereof and cancellation thereof shall not constitute a default for any purpose on the part of the Issuer.

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 in accordance with Conditions 6*(a)* and *(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 of the Securities (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 Competent 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 the Interest Payment Date falling on or nearest to 28 September 2026, or (ii) on any Interest Payment Date thereafter or (iii) 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 iii to iv of these Listing Particulars for further information. Potential investors should read the whole of this document, in particular the section entitled "*Risk Factors*" set out on pages 11 to 23.

These Listing Particulars have been approved as Listing Particulars by the Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") and an application has been made for the Securities to be admitted to the Official List of Euronext Dublin (the "**Official List**") and to trading on the Global Exchange Market of Euronext Dublin (the "**GEM**"), which is the exchange–regulated market of Euronext Dublin. These Listing Particulars constitute listing particulars in respect of the admission of the Securities to the Official List and to trading on the GEM. The GEM is not a regulated market for the purposes of MiFID II or a regulated market for the purposes of UK MiFIR. These Listing Particulars do not constitute a prospectus for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") including as it forms part of UK domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**") and in accordance with the Prospectus Regulation and the UK Prospectus Regulation, no prospectus is required to be published in connection with the issuance of the Securities. References in these Listing Particulars to Securities being "**listed**" (and all related references) shall mean that the Securities have been admitted to trading on the GEM and have been admitted to the Official List.

The Securities will be issued in registered form and available and transferable in minimum amounts of SEK2,000,000 and integral multiples of SEK2,000,000 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 Securities are expected to be rated BB- by S&P Global Ratings Europe Limited ("**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 "**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 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

Danske Bank **SEB** **UBS Investment Bank**

IMPORTANT INFORMATION

The Issuer accepts responsibility for the information contained in these Listing Particulars. To the best of the Issuer's knowledge (having taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

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

These Listing Particulars have been prepared on the basis that any offer of Securities in any Member State of the EEA will be made pursuant to an exemption from the requirement to publish a prospectus for offers of securities under the Prospectus Regulation. Accordingly, any person making or intending to make an offer in any Member State of the EEA of Securities which are the subject of the offering contemplated in these Listing Particulars may only do so in circumstances in which no obligation arises for the Issuer or any of Danske Bank A/S, Skandinaviska Enskilda Banken AB (Publ) and UBS Europe SE (the "**Managers**") to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer. These Listing Particulars have been prepared on the basis that any offer of Securities in the United Kingdom will be made pursuant to an exemption under the UK Prospectus Regulation from the requirement to publish a prospectus for offers of Securities. Accordingly, any person making or intending to make an offer in the UK of Securities which are the subject of the offering contemplated in these Listing Particulars may only do so in circumstances in which no obligation arises for the Issuer or any of the Managers to publish a prospectus pursuant to Section 85 of the UK Financial Services and Markets Act 2000 (as amended, the "**FSMA**"). Neither the Issuer nor the Managers have authorised, nor do they authorise, the making of any offer of Securities in circumstances in which an obligation arises for the Issuer or the Managers to publish or supplement a prospectus for such offer.

To the fullest extent permitted by law, none of the Managers accepts any responsibility for the contents of these Listing Particulars 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 these Listing Particulars 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 these Listing Particulars 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 these Listing Particulars 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 these Listing Particulars 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 these Listing Particulars 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. For the

purposes of these Listing Particulars (other than in the Conditions), the "**Group**" refers to the Issuer and its subsidiaries.

The distribution of these Listing Particulars 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 these Listing Particulars 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 these Listing Particulars in any jurisdiction where action for that purpose is required. Accordingly, the Securities may not be offered or sold, directly or indirectly, and neither these Listing Particulars 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.

Persons into whose possession these Listing Particulars or the Securities may come must inform themselves about, and observe, any restrictions on the distribution of these Listing Particulars 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 these Listing Particulars, see "*Subscription and Sale*".

All references in this document to a "**Member State**" are references to a Member State of the EEA, those to "**U.S.$**" are to the currency of the United States of America, those to "**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, those to "**SEK**" are to Swedish krona, the currency of the Sweden, those to "**Iceland**" are to the Republic of Iceland, and those to "**EU**" are to the European Union.

Prohibition on Marketing and Sales to Retail Investors

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.

1. 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).

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. Certain of the Managers are required to comply with COBS.

c. By purchasing, or making or accepting an offer to purchase, any Securities (or a beneficial interest in such Securities) from the Issuer and/or the Managers, each prospective investor represents, warrants, agrees with and undertakes to the Issuer and each of the Managers that:

1. it is not a retail client in the UK; and

2. it will not sell or offer the Securities (or any beneficial interest therein) to retail clients in the UK or communicate (including the distribution of these Listing Particulars) 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.

3. The obligations in paragraph 2 above are in addition to the need to comply it will 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 the Listing Particulars, including (without limitation) any requirements under MiFID II or the UK FCA Handbook 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.

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 these Listing Particulars;

(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 Issuer Group's CET1 Ratio (as defined in Condition 19), as well as under what circumstances the 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.

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

These Listing Particulars contain 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 these Listing Particulars, 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 parts incorporated by reference herein of the section entitled "*Risk Factors*" as set out on pages 13 to 38 of the IPO Prospectus (as defined herein) and other sections of these Listing Particulars. 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 these Listing Particulars, if one or more of the risks or uncertainties materialise, including those identified below or which the Issuer has otherwise identified in these Listing Particulars, 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.

The risks and uncertainties referred to above include:

- the Issuer's ability to achieve and manage the growth of its business;
- the performance of the markets in Iceland and the wider region in which the Issuer operates;
- the Issuer's ability to realise the benefits it expects from existing and future projects and investments it is undertaking or plans to or may undertake;
- the Issuer's ability to obtain external financing or maintain sufficient capital to fund its existing and future investments and projects;
- changes in political, social, legal or economic conditions in the markets in which the Issuer and its customers operate; and
- actions taken by the Issuer's joint venture partners that may not be in accordance with its policies and objectives.

Any forward looking statements contained in these Listing Particulars speak only as at the date of these Listing Particulars. Without prejudice to any requirements under applicable laws and regulations, the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of these Listing Particulars 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.

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 these Listing Particulars. Capitalised terms which are defined in the "Terms and Conditions of the Securities" (the "**Terms and Conditions of the Securities**") have the same meaning when used in this overview. References to numbered Conditions are to the conditions of the Securities (the "**Conditions**") as set out under the Terms and Conditions of the Securities.*

Issuer:	Íslandsbanki hf.
Legal Entity Identifier (LEI):	549300PZMFIQR79Q0T97
Principal Paying Agent, Fiscal Agent, Transfer Agent, Agent Bank:	Citibank, N.A., London Branch
Registrar:	Citibank Europe PLC
Securities:	SEK750,000,000 Floating Rate Perpetual Temporary Write Down 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*".
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 of the Issuer 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 of the Issuer, 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:	As described in Condition 3*(d)*, subject to applicable law, no Holder may exercise, claim or plead any right of set-

	off, compensation 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 his holding of any Security, be deemed, to the fullest extent permitted under applicable law, to have waived all such rights of set-off, compensation or retention.
Interest:	The Securities will bear interest on their Prevailing Principal Amount from (and including) the Issue Date at the applicable Floating Rate of Interest as provided in Condition 4 of the Conditions. Interest on the Securities shall be payable quarterly in arrear on 28 September, 28 December, 28 March and 28 June of each year (each an "**Interest Payment Date**"), commencing on 28 December 2021.
Optional cancellation of interest:	The Issuer may at its discretion at any time elect to cancel any interest payment in whole or in part, which is scheduled to be paid on any Interest Payment 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 Authorised Signatories 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 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, if and to the extent that such interest payment otherwise due, 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 Interest Payment 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 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 that the amount of such interest payment otherwise due, 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 capital requirement or buffers. 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 – Competent Authority Order, etc.:	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 Competent 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 scheduled on an Interest 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 Interest Payment Date and the failure to pay such amount of interest or part thereof shall not constitute a default of the Issuer for any purpose. Any such interest will not accumulate or be payable at any time thereafter and holders of the Securities shall have no right thereto whether in a Winding-Up of the Issuer 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, immediately, inform the Competent Authority of the occurrence of the relevant Trigger Event; (a) the Issuer shall, as soon as reasonably practicable, give the relevant Trigger Event Notice which notice shall be irrevocable; (b) any interest which is accrued to the relevant Write Down Date and unpaid shall be automatically and irrevocably cancelled; and (c) 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 30 nor more than 60 days' notice to the Holders in accordance with Condition 15, redeem all (but not some only) of the Securities on the Interest Payment Date falling on or nearest to 28 September 2026 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.
Redemption, substitution or variation following a Tax Event or a Capital Disqualification 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 30 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 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 or a Capital Disqualification 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 30 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 the Interest Payment Date falling on or nearest to 28 September 2026) 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;

(b) in the case of redemption or purchase, either: (A) the Issuer has 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 Competent 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 requirements (including any applicable buffer requirements) by a margin (calculated in accordance with the prevailing Regulatory Capital Requirements) that the Competent Authority considers necessary at such time;

(c) in the case of any redemption 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 Competent 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 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 Competent Authority that the relevant change in the regulatory classification of the Securities was not reasonably foreseeable as at the Reference Date;

(e) in the case of any purchase prior to the fifth anniversary of the Reference Date pursuant to Condition 7*(g)*, either (A) the Issuer having, before or at the same time as such purchase, 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 Competent 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 purchased for market-making purposes in accordance with applicable Regulatory Capital Requirements (including (a) Supervisory Permission having been obtained (where required) and (b) 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); and

	(f) in the case of redemption pursuant to Condition 7*(c)*, the Prevailing Principal Amount of each Security is equal to its Initial Principal Amount. 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 the Securities and either (i) the Solvency Condition is not satisfied in respect of the relevant payment on the date scheduled for redemption, or (ii) prior to redemption of the Securities a Trigger Event occurs, then the relevant redemption notice 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, 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 and/or interest and any other amount by or on behalf of the Issuer in respect of the Securities shall 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 (to the extent such payment can be made out of Distributable Items which are available *mutatis mutandis* in accordance with Condition 5*(b)*) 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)).
Enforcement:	If the Issuer has not made payment of any amount in respect of the Securities for a period of seven days 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 of the Issuer (whether or not instituted by any Holder) and shall have such claim as is set out in Condition 3*(c)*. 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 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:	SEK2,000,000 and integral multiples in excess thereof.
Clearing systems:	Euroclear and Clearstream, Luxembourg.
Listing:	Application has been made to Euronext Dublin for the Securities to be admitted to trading on the GEM and to be listed on the Official List.
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 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 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. 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 EEA, the United Kingdom, Finland, Denmark, Sweden, Iceland and Switzerland (see the section entitled "*Subscription and Sale*").
ISIN:	XS2390396427
Common Code:	239039642

RISK FACTORS

Investing in the Securities involves certain risks. If any of the risks described below 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 these Listing Particulars (including any information incorporated by reference herein, in particular, the risk factors described in in the parts incorporated by reference herein of the section entitled "Risk Factors" as set out on pages 13 to 38 of the IPO Prospectus) and reach their own views prior to making any investment decision.

Capitalised terms which are defined in the "Terms and Conditions of the Securities" below or elsewhere in these Listing Particulars have the same meaning when used in these risk factors.

Risks Relating to the Issuer and the Group

For a description of the risk factors which may affect the Issuer's ability to fulfil its obligations under or in connection with the Securities, prospective investors should refer to those parts of the section entitled "*Risk Factors*" from and including the heading "*Risks Relating to Business and Industry*" to but excluding the heading "*Risks Relating to the Offering and the Offer Shares*" as set out on pages 12 to 38 of the IPO Prospectus which are incorporated by reference into these Listing Particulars.

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 of the Issuer, all claims in respect of the Securities will, subject to any mandatory provisions of law applicable from time to time, rank junior to all present or future claims of all Senior Creditors of the Issuer. If, on a Winding-Up of the Issuer, 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 of the Issuer, 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 of the Issuer. Any Holder may claim in any Winding-Up of the Issuer (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 at its discretion at any time elect to cancel any interest payment, in whole or in part, on the Securities which would otherwise be due on any Interest Payment Date. Additionally, the Competent Authority has the power under Article 86(g)(4) 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 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 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 Interest Payment 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.

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 such Interest Payment Date shall be deemed cancelled and shall no longer be due and payable by the Issuer. A cancellation of interest in accordance with the Conditions will not constitute a default of the Issuer under the Securities for any purpose, 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 and the higher of (depending on the institution), the systemic risk buffer, 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 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 as implemented in Iceland extends, and BRRD II, once implemented in Iceland, will 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. 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

(ii) *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.

See further the section entitled "*Regulatory Overview*" as set out on pages 119 to 130 of the IPO Prospectus.

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 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, if and to the extent that the amount of such interest payment otherwise due, 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 an Interest Payment Date, the amount of the profits of the Issuer at the end of the last Financial Year immediately preceding such Interest Payment 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 30 June 2021, the Issuer had Distributable Items in excess of €800 million. 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 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 that the amount of such interest payment otherwise due, 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 227/2020, 323/2020 and 324/2020). In March 2020, the Central Bank of Iceland reduced the countercyclical capital buffer from 2% to 0% as a response to the COVID-19 pandemic. According to the Central Bank of Iceland's statement, the countercyclical buffer will not be increased for at least 12 months and will therefore remain unchanged at 0% until at least until the first quarter of 2022. 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 GEM 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 Interest Payment 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 Interest Payment 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 deemed 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 March 2021, the CET1 Ratio of the Issuer was 19.1 per cent. and the CET1 Ratio of the Issuer Group was 19.2 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 their 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 of the Issuer, 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)* 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.

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 SEK 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 Competent 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 the deposit guarantees scheme.

11 ***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 Competent 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.

12 ***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 Competent 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) 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 or (ii) on the Interest Payment Date falling on or nearest to 28 September 2026 or, thereafter, on any Interest Payment Date thereafter.

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.

13 ***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.

14 ***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.

15 ***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 SEK2,000,000 and integral multiples of SEK2,000,000 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.

16 ***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.

17 ***Substitution or variation of the Securities***

Following the occurrence of a Tax Event or Capital Disqualification Event or in order to ensure the effectiveness and enforceability of Condition 18*(d)*, the Issuer may, subject as provided in Condition 7*(f)* 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 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.

18 ***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 of the Issuer and/or may increase the likelihood of a cancellation of interest amounts under the Securities.

19 ***No rights of set-off***

No Holder may exercise, claim or plead any right of set-off, compensation 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, be deemed to have waived all such rights of set-off and therefore any such Holder will not be able to exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, arising under or in connection with the Securities.

20 ***The regulation and reform of "benchmarks" may adversely affect the value of the Securities***

Interest rates and indices which are deemed to be "benchmarks" are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on securities linked to or referencing such a "benchmark". Regulation (EU) 2016/1011 (as amended, the "**Benchmarks Regulation**") was published in the Official Journal of the European Union on 29 June 2016 and became applicable from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities (such as the Issuer) of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). The Benchmarks Regulation could have a material impact on the Securities.

The potential elimination of the STIBOR benchmark, or changes in the manner of administration of such benchmark, could require an adjustment to the terms and conditions, or result in other consequences, in respect of the Securities. Such factors may have the following effects: (i) discourage market participants from continuing to administer or contribute to STIBOR, (ii) trigger changes in the rules or methodologies used in STIBOR or (iii) lead to the disappearance of STIBOR. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Securities.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to the Securities.

The Conditions provide for certain fallback arrangements in the event that STIBOR, or other relevant reference rates and including any page on which such Benchmark 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 reference rate and that such successor rate or alternative reference rate may be adjusted (if required), all as determined by the Issuer in consultation with an Independent Adviser. Any adjustment spread could be positive, negative or zero. In making such determinations, it is possible that the interests of the Issuer may not align with those of the Holders. No Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to cause the then current or future disqualification of the Securities as Additional Tier 1 Capital. In certain circumstances the ultimate fallback for the purposes of calculation of interest for a particular Interest Period may result in the rate of interest being determined using the Original Reference Rate last displayed on the relevant Screen Page prior to the relevant Interest Determination Date, effectively resulting in the application of a fixed rate of interest.

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. Investors should consider these matters when making their investment decision with respect to the Securities.

21 ***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(h), 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.

22 ***Change of law***

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 these Listing Particulars. 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:

23 ***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 and adverse market shocks such as that caused by the COVID-19 pandemic 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 Competent 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 GEM, there is no assurance that such application will be accepted or that an active trading market will develop.

24 ***Exchange rate risks and exchange controls***

The Issuer will pay principal and interest on the Securities in Swedish Krona. 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 Swedish Krona (the "**Specified Currency**"). These include the risk that exchange rates may

significantly change (including changes due to devaluation of Swedish Krona 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.

25 ***Interest rate risks***

An investment in the Securities, which bear interest at a floating rate, involves the risk that subsequent changes in market interest rates may adversely affect their value.

26 ***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.

27 ***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.

28 ***Legality of purchase***

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 iii to iv of these Listing Particulars for further information.

29 ***Legal investment considerations may restrict certain investments***

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 to determine the appropriate treatment of the Securities under any applicable risk-based capital or similar rules.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be incorporated in, and form part of, these Listing Particulars:

(a) the following sections of the Prospectus dated 7 June 2021 (the "**IPO Prospectus**") relating to the admission to listing and trading on Nasdaq Iceland of ordinary shares of the Issuer which can be viewed online at: https://cdn.islandsbanki.is/image/upload/v1/documents/Islandsbanki_hf.-Prospectus_7_June_2021-Combined.pdf:

   a. those parts of the section entitled "*Risk Factors*" from and including the heading "*Risks Relating to Business and Industry*" to but excluding the heading "*Risks Relating to the Offering and the Offer Shares*" as set out on pages 13 to 38 of the IPO Prospectus;

   b. the section entitled "*Business Overview*" as set out on pages 70 to 118 of the IPO Prospectus of the IPO Prospectus;

   c. the section entitled "*Regulatory Overview*" as set out on pages 119 to 130 of the IPO Prospectus;

   d. the section entitled "*General Corporate Information*" as set out on page 241 of the IPO Prospectus;

   e. the section entitled "*Material Contracts*" as set out on pages 241 to 242 of the IPO Prospectus; and

   f. the section entitled "*Board of Directors, Executive Committee, Auditor and Corporate Governance*" to but excluding the heading "*Independent Auditor*" as set out on pages 215 to 223 of the IPO Prospectus;

(b) the unaudited condensed consolidated interim financial statements of the Issuer prepared in accordance with the International Financial Reporting Standards ("**IFRS**") for the six month period ended 30 June 2021 (the "**2021 Interim Financial Statements**") which can be viewed online at: https://cdn.islandsbanki.is/image/upload/v1/documents/ISB_Condensed_Consolidated_Interim_Financial_Statements_first_half_2021.pdf;

(c) the audited consolidated financial statements of the Issuer prepared in accordance with IFRS for the financial year ended 31 December 2020 (together with the audit report thereon) (the "**2020 Financial Statements**") which can be viewed online at: https://cdn.islandsbanki.is/image/upload/v1/documents/I%CC%81slandsbanki_hf._Consolidated_Financial_Statements_2020.pdf;

(d) the audited consolidated financial statements of the Issuer prepared in accordance with IFRS for the financial year ended 31 December 2019 (together with the audit report thereon) (the "**2019 Financial Statements**") which can be viewed online at: https://cdn.islandsbanki.is/image/upload/v1/documents/Consolidated_Financial_Statements_2019_Islandsbanki_hf.pdf;

(e) sections 4, 5, 6 and 7 of the Issuer's Pillar 3 Report 2020 which can be viewed online at https://cdn.islandsbanki.is/image/upload/v1/documents/Pillar3Report2020.pdf;

save that any statement contained herein, or in a document all or the relative portion of which is incorporated by reference herein, shall be deemed to be modified or superseded for the purpose of these Listing Particulars to the extent that a statement contained in any such document, all or the relative portion of which is deemed to be incorporated by reference herein, modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of these Listing Particulars.

TERMS AND CONDITIONS OF THE SECURITIES

The following, subject to alteration and completion and except for paragraphs in italics, are the terms and conditions of the Securities which will be endorsed on each Certificate in definitive form (if issued).

The issue of the SEK750,000,000 Floating Rate Perpetual Temporary Write Down Securities (the "**Securities**") of Íslandsbanki hf. (the "**Issuer**") was authorised by a resolution of the Board of Directors of the Issuer passed on 2 September 2021. Copies of the agency agreement (the "**Agency Agreement**") dated 28 September 2021 relating to the Securities between the Issuer, Citibank, N.A., London Branch as the initial principal paying agent (the person for the time being the principal paying agent under the Agency Agreement, the "**Principal Paying Agent**"), 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)**"), are (i) available for inspection by Holders during usual business hours at the specified offices of the Principal Paying 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 Principal Paying Agent or the Issuer and provision of proof of holding and identity (in a form satisfactory to the Principal Paying Agent or the Issuer, as the case may be). 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 SEK2,000,000 and integral multiples 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.

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 Principal Paying Agent. A copy of the current regulations will be made available by the Registrar to any Holder upon request.

(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 prior to (and including) any date on which Securities may be called for redemption by the Issuer at its option pursuant to Condition 7*(c)*, (ii) after the Securities have been called for redemption, or (iii) 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) Conditions to Payment

Except in a Winding-Up of the Issuer, 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**").

In these Conditions, 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 by two Authorised Signatories shall be treated and accepted by the Issuer, 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 be deemed cancelled as provided in Condition 5*(d).*

(c) Winding-Up

If a Winding-Up occurs, 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) at least *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

Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation 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 his holding of any Security, be deemed, to the fullest extent permitted under applicable law, to have waived all such rights of set-off, compensation 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.

4 Interest Payments

(a) Floating Interest Rate

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

Subject to Conditions 3*(b)*, 5 and 6, interest shall be payable on the Securities quarterly in arrear on each Interest Payment Date as provided in this Condition 4.

Interest shall accrue on the Securities in respect of all Interest Periods (and any other period in respect of which interest may fall to be calculated) on the basis of a day-count fraction equal to the actual number of days elapsed in the relevant period divided by 360.

(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) or (e)* or the date of substitution thereof pursuant to Condition 7*(f)*, 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, subject to Conditions 3(*b*), 5 and 6, be equal to the product of the Calculation Amount, the relevant Floating 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) Floating Interest Rate

The Securities will bear interest, subject to Conditions 3*(b)*, 5 and 6, at a floating rate of interest (the "**Floating Interest Rate**"). The Floating Interest Rate in respect of each Interest Period will be determined by the Agent Bank on the basis of the following provisions:

(i) On each Interest Determination Date, the Agent Bank will determine the offered rate (expressed as a rate per annum) for 3-month deposits in Swedish Krona as at 11 a.m. (Central European time) on such Interest Determination Date, as displayed on the Screen Page. The Floating Interest Rate for the relevant Interest Period shall be such offered rate as determined by the Agent Bank plus the Margin.

(ii) If such offered rate does not so appear, or if the relevant page is unavailable, the Issuer will, on such date, request the principal Stockholm office of the Reference Banks to provide the Agent Bank with its offered quotation to leading banks in the Stockholm inter-bank market for 3-month deposits in Swedish Krona as at 11 a.m. (Central European time) on the Interest Determination Date in question. If at least two of the Reference Banks provide the Agent Bank with such offered quotations, the Floating Interest Rate for the relevant Interest Period shall be the rate determined by the Agent Bank to be the arithmetic mean (rounded if necessary to the nearest one hundred thousandth of a percentage point (0.000005 per cent. being rounded upwards)) of such offered quotations plus the Margin.

(iii) If on any Interest Determination Date to which the provisions of paragraph (ii) above apply, one only or none of the Reference Banks provides the Agent Bank with such a quotation, the Floating Interest Rate for the relevant Interest Period shall be the rate which the Agent Bank determines to be the aggregate of the Margin and the arithmetic mean (rounded, if necessary, to the nearest one hundred thousandth of a percentage point (0.000005 per cent. being rounded upwards)) of the Swedish Krona lending rates which leading banks in Stockholm selected by the Issuer are quoting, on the relevant Interest Determination Date, to leading banks in Stockholm for a period of 3 months, provided that if the applicable Floating Interest Rate cannot be determined in accordance with the foregoing provisions of this paragraph, the relevant Floating Interest Rate shall be determined by the Agent Bank as at the last preceding Interest Determination Date.

(d) Determination of Floating Interest Rate and Calculation of Floating Interest Amounts

The Agent Bank will, as soon as practicable after 11:00 a.m. (Central European time) on each Interest Determination Date, determine the Floating Interest Rate in respect of the relevant Interest Period and calculate the amount of interest which, subject to Conditions 3(*b*), 5 and 6 is payable in respect of a Calculation Amount on the Interest Payment Date for that Interest Period (the "**Floating Interest Amounts**"). The determination of the applicable Floating Interest Rate and the amount of interest which, subject to Conditions 3*(b)*, 5 and 6, is payable per Calculation Amount by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(e) Publication of Floating Interest Rate and Floating Interest Amounts

The Issuer shall cause notice of the Floating Interest Rate determined in accordance with this Condition 4 in respect of each relevant Interest Period, the Floating Interest Amount per Calculation Amount and the relevant date for scheduled payment to be given to the Principal Paying 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.

The Floating Interest Amount and the date scheduled for payment so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the relevant period in accordance with these Conditions. If the Securities become due and payable pursuant to Condition 9*(a)*, the accrued interest per Calculation Amount and the Floating Interest Rate payable in respect of the Securities shall nevertheless continue to be calculated as previously by the Agent Bank in accordance with this Condition 4.

(f) Agent Bank and Reference Banks

The Issuer will maintain an Agent Bank and the number of Reference Banks provided below where the Floating Interest Rate 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 Reference Bank with another leading investment, merchant or commercial bank or financial institution in Stockholm. If the Agent Bank is unable or unwilling to continue to act as the Agent Bank or fails duly to determine the Floating Interest Rate in respect of any Interest Period as provided in Condition 4*(c)* or calculate the Floating Interest Amount, the Issuer shall forthwith appoint another leading investment, merchant or commercial bank or financial institution in Stockholm 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.

(g) Determinations of Agent Bank Binding

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4, by the Agent Bank, shall (in the absence of manifest error) be binding on the Issuer, the Agent Bank, the Principal Paying 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, duties and discretions.

(h) Benchmark Discontinuation

(i) **Independent Adviser**

Notwithstanding the provisions above in Conditions 4*(b)* and 4*(c)*, if (i) a Benchmark Event occurs in relation to an Original Reference Rate when any Floating Interest Rate (or any component part thereof) remains to be determined by reference to such Original Reference Rate the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to advise the Issuer in determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(*h*)(iii)(b)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 4(*h*)(v)).

In making such determination, the Issuer and Independent Adviser appointed pursuant to this Condition *4(h)* shall act in good faith and in a commercially reasonable manner. In the absence of fraud, the Issuer and the Independent Adviser shall have no liability whatsoever to the Principal Paying Agent, the Agent Bank, the Paying Agents or the Holders for any determination made by the Issuer and/or for any advice given by the Independent Adviser to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 4(*h*).

If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Issuer fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4(*h*) prior to the date which is 10 business days prior to the relevant Interest Determination Date, the Floating Interest Rate applicable to the next succeeding Interest Period shall be equal to the Floating Interest Rate last determined in relation to the Securities in respect of the immediately preceding Interest Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 4*(h)*(i).

(ii) **Successor Rate or Alternative Rate**

If the Issuer, following consultation with the Independent Adviser, determines that:

(a) 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 Floating Interest Rate (or the relevant component part thereof) for all future payments of interest on the Securities (subject to the operation of this Condition 4(*h*)); or

(b) 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 Floating Interest Rate (or the relevant component part thereof) for all future payments of interest on the Securities (subject to the operation of this Condition 4(*h*)).

(iii) **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). If the Issuer, following consultation with the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(iv) **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(*h*) and the Issuer, following consultation with the Independent Adviser and acting in good faith, determines (i) that amendments to these Conditions are 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(*h*)(vi), without any requirement for the consent or approval of Holders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice.

Notwithstanding any other provision of this Condition 4*(h*), the Principal Paying Agent, Agent Bank or any Paying Agent is not obliged to concur with the Issuer or the Independent Adviser in respect of any changes or amendments as contemplated under this Condition 4*(h)* to which, in the sole opinion of the Principal Paying Agent, Agent Bank or the relevant Paying Agent, as the case may be, 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 Principal Paying Agent, the Agent Bank or the relevant Paying Agent (as applicable) in the Agency Agreement and/or these Conditions.

In connection with any such variation in accordance with this Condition 4(*h*)(iv), the Issuer shall comply with the rules of any stock exchange on which the Securities are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 4(*h*), no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Securities as Additional Tier 1 Capital.

(v) **Notices, etc.**

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

No later than notifying the Holders of the same, the Issuer shall deliver to the Principal Paying Agent, the Agent Bank and the Paying Agents a certificate signed by two directors or other authorised officers of the Issuer:

(a) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate (iii) the applicable Adjustment Spread and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 4(*h*); and

(b) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Principal Paying Agent shall display such certificate at its offices, for inspection by the Holders at all reasonable times during normal business hours.

Each of the Principal Paying Agent, the Agent Bank and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error in the determination of the Successor Rate or the Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Principal Paying Agent's or the Agent Bank's or the Paying Agents' ability to rely on such certificate as aforesaid) be binding on the Issuer, the Principal Paying Agent, the Agent Bank, the Paying Agents and the Holders.

Notwithstanding any other provision of this Condition 4*(h)*, if following the determination of any Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Amendments (if any), in the Agent Bank's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 4*(h)*, the Agent Bank shall promptly notify the Issuer in writing thereof and the Issuer shall direct the Agent Bank in writing as to which alternative course of action to adopt. If the Agent Bank is not promptly provided with such direction, or is otherwise unable (other than due to its own wilful default or bad faith) to make such calculation or determination for any reason, it shall notify the Issuer in writing thereof and the Agent Bank shall be under no obligation to make such calculation or determination and (in the absence of such wilful default or bad faith) shall not incur any liability for not doing so.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Principal Paying Agent, the Agent Bank and the Paying Agents. For the avoidance of doubt, neither the Principal Paying Agent, Agent Bank nor the Paying Agents shall have any responsibility for making such determination.

(vi) **Survival of Original Reference Rate**

Without prejudice to the obligations of the Issuer under Conditions 4(*h*) (ii), (iii), (iv) and (v), the Original Reference Rate and the fallback provisions provided for in the Conditions will continue to apply unless and until a Benchmark Event has occurred.

(vii) As used in this Condition 4(*h*):

"**Adjustment Spread**" means either (a) a spread (which may be positive, negative or zero) or (b) 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:

(i) 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);

(ii) the Issuer, following consultation with the Independent Adviser, 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 Issuer determines that no such spread is customarily applied)

(iii) the Issuer, following consultation with the Independent Adviser, 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).

"**Alternative Rate**" means an alternative benchmark or screen rate which the Issuer, following consultation with the Independent Adviser, determines in accordance with Condition 4(*h*)(iii)(b) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in SEK.

"**Benchmark Amendments**" has the meaning given to it in Condition 4(*h*)(v).

"**Benchmark Event**" means:

1. the Original Reference Rate ceasing to exist or be published; or

2. a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

3. a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or be permanently or indefinitely discontinued; or

4. a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Securities; or

5. the making of a public statement by the supervisor of the administrator of the Original Reference Rate that, with effect from a date after 31 December 2021, the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or

6. it has become unlawful for the Principal Paying Agent, the Agent Bank, any Paying Agent, the Issuer or any other party to calculate any payments due to be made to any Holder using the Original Reference Rate,

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs 2 and 3 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, (b) in the case of sub-paragraph 4 above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph 5 above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

"**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 Agent Bank.

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 4*(h)*(i).

"**Original Reference Rate**" means the originally-specified benchmark or screen rate (as applicable) used to determine the Floating Interest Rate (or any component part thereof) on the Securities.

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

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

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

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

5 Cancellation of Interest

(a) Optional cancellation of Interest

The Issuer may at its 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 an Interest Payment 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 Principal Paying Agent a certificate signed by two Authorised Signatories 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, (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 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, if and to the extent that the amount of such interest payment otherwise due, 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 Interest Payment Date.

(c) Mandatory Cancellation of Interest – Maximum Distributable Amount

To the extent required under then prevailing Regulatory Capital Requirements, 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 that the amount of such interest payment otherwise due, 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 – Competent Authority Order, etc.

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 Competent 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*(c)*, the Issuer shall, as soon as reasonably practicable on or prior to the relevant Interest Payment Date, give notice of such non-payment and the reason therefor to the Holders in accordance with Condition 15, provided that any 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 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 Interest Payment Date.

(f) Interest non-cumulative; no default

Any interest payment (or, as the case may be, part thereof) not paid on any relevant Interest Payment Date by reason of Condition 3*(b)*, 5*(a)*, 5*(b)*, 5*(c),* 5*(d)* or 6 shall be deemed cancelled and shall not accumulate or be payable at any time thereafter. The Issuer may use such cancelled payment without restriction.

If the Issuer does not pay any interest payment (in whole or, as the case may be, in part) on the relevant Interest 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*(c)*, 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)* 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), 6(a)* or 6*(c)*, will not constitute a default by the Issuer for any purpose and the Holders shall have no right thereto whether in a Winding-Up of the Issuer 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, immediately, inform the Competent 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; 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 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 Competent Authority may require that the period of one month referred to above is reduced in cases where the Competent 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, 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 Competent Authority or any agent appointed for such purpose by the Competent Authority. Any such determination shall be binding on the Issuer and the Holders.

Any Trigger Event Notice delivered to the Principal Paying Agent shall be accompanied by a certificate signed by two Authorised Signatories certifying the accuracy of the contents of the Trigger Event Notice.

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

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

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 Principal Paying Agent and the Competent Authority and, at the same time, shall deliver a certificate signed by two Authorised Signatories to the Principal Paying Agent certifying the accuracy of the contents of such notice. 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)* or this Condition 6*(c)* 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 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 of the Competent Authority therefor (provided at the relevant time such Supervisory Permission is required to be given).

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 Principal Paying Agent and the Competent 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)* or *(g)* is subject, as applicable, to:

(i) the Issuer obtaining prior Supervisory Permission therefor;

(ii) in the case of any redemption or purchase, either: (A) the Issuer having 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 having demonstrated to the satisfaction of the Competent 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 requirements (including any applicable buffer requirements) by a margin (calculated in accordance with prevailing Regulatory Capital Requirements) that the Competent Authority considers necessary at such time;

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

(v) in the case of any purchase prior to the fifth anniversary of the Reference Date pursuant to Condition 7*(g)*, either (A) the Issuer having, before or at the same time as such purchase, 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 Competent 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 purchased for market-making purposes in accordance with applicable Regulatory Capital Requirements (including (a) Supervisory Permission having been obtained (where required) and (b) 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); and

(vi) in the case of redemption pursuant to Condition 7*(c),* the Prevailing Principal Amount of each Security is equal to its Initial Principal Amount.

Any refusal by the Competent Authority to give its Supervisory Permission as contemplated above 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 the Securities and:

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

(B) prior to the redemption a Trigger Event occurs,

the relevant redemption notice 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 Principal Paying Agent, as soon as practicable. Further, no notice of redemption shall be given in the period following the giving of a Trigger Event Notice and prior to the relevant Write Down Date.

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 Principal Paying Agent (i) a certificate signed by two Authorised Signatories 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 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 30 nor more than 60 days' notice to the Holders in accordance with Condition 15, the Registrar and the Principal Paying Agent (which notice shall, save as provided in Condition 7*(b)*, be irrevocable), elect to redeem all, but not some only, of the Securities on the Interest Payment Date falling on or nearest to 28 September 2026 or, thereafter, on any Interest Payment Date at their Prevailing Principal Amount, together with any accrued and unpaid interest thereon 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 30 nor more than 60 days' notice to the Holders in accordance with Condition 15, the Registrar, and the Principal Paying 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 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 30 nor more than 60 days' notice to the Holders in accordance with Condition 15, the Registrar and the Principal Paying 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 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) Substitution or Variation

If a Tax Event or a Capital Disqualification 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 30 nor more than 60 days' notice to the Holders in accordance with Condition 15, the Registrar and the Principal Paying 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 either vary the terms of or substitute the Securities in accordance with this Condition 7*(f)*, as the case may be.

In connection with any substitution or variation in accordance with this Condition 7*(f)*, 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.

(g) Purchases

The Issuer may, subject to Condition 7*(b)*, in those circumstances permitted by Regulatory Capital Requirements, 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)*.

(h) 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, 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 discharged.

8 Payments

(a) Method of Payment

(i) Payments of principal shall be made (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 business day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Security shall be made in Swedish Krona by transfer to an account in Swedish Krona maintained by the payee with a bank in Stockholm.

(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 Swedish Krona, on which foreign exchange transactions may be carried out in Swedish Krona in Stockholm.

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 seven days 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.

In the event of a Winding-Up of the Issuer (whether or not instituted by any Holder pursuant to the foregoing), each Holder may prove and/or claim in such Winding-Up of the Issuer, 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) and 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 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 of the Issuer 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 amount by or on behalf of the Issuer in respect of the Securities shall 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 (to the extent such payment can be made out of Distributable Items which are available *mutatis mutandis* in accordance with Condition 5*(b)*) 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 his 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 (f) above shall not be applicable).

Notwithstanding any other provision 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 by way of conference call) 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 a clear majority 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 Floating Interest Rate or varying the method of calculating the Floating 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 made pursuant to Condition 4*(h)* or any variation of these Conditions required to be made in the circumstances described in Condition 7*(f)* in connection with the variation of the terms of the Securities so that they become, Compliant Securities.

An Extraordinary Resolution passed at any meeting of Holders will be binding on all Holders, whether or not they are present at the meeting.

The Agency Agreement provides that 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 outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Holders duly convened and held. Such 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.

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 any Supervisory Permission required, create and issue further securities either 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) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Securities include (unless the context requires otherwise) any other securities issued pursuant to this Condition 16 and forming a single series with the Securities.

17 Agents

The initial Principal Paying 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 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 Principal Paying 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 Principal Paying 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;

(c) at all times maintain a Paying Agent having a specified office in a major city in a Member State of the European Union; and

(d) 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 in accordance with Condition 15. If any of the Agent Bank, the Registrar or the Principal Paying 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 Principal Paying 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 Principal Paying 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 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 LOGOS Legal Services Ltd. at Paternoster House, 65 St Paul's Churchyard, London EC4M 8AB 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 LOGOS Legal Services Ltd. ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any 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 Icelandic 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, each Holder acknowledges and accepts that any liability arising under the Securities may be subject to the exercise of Icelandic 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 Icelandic 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 Icelandic 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 Icelandic 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 Icelandic Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Issuer, nor the exercise of the Icelandic Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Securities, will be an event of default.

Upon the exercise of the Icelandic 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 Icelandic Statutory Loss Absorption Powers.

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 from time to time by the Competent Authority and the applicable Regulatory Capital Requirements;

"**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;

"**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;

"**Authorised Signatories**" means any two of the Directors or one Director and the Company Secretary of the Issuer;

"**BRRD**" means Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, as the same may be amended or replaced from time to time (including, without limitation, by Directive (EU) 2017/2399 and by Directive (EU) 2019/879);

"**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 SEK1,000 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 Competent 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 CRD Regulation as interpreted and applied in accordance with the Regulatory Capital Requirements then applicable, or an equivalent or successor term;

"**Competent Authority**" means the Financial Supervisory Authority of the Central Bank of Iceland (*Fjármálaeftirlit Seðlabanka 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);

"**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 Noteholder 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 certification to such effect (including as to such consultation) of two Authorised Signatories shall have been delivered to the Principal Paying 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 Competent Authority in relation to Additional Tier 1 Capital (or any applicable equivalent term from time to time); (ii) provide for

the same Floating 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); and (v) 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 Global Exchange 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 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 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);

"**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;

"**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 an Interest Payment Date, the amount of the profits of the Issuer at the end of the last Financial Year immediately preceding such Interest Payment 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;

"**Floating Interest Amounts**" has the meaning given to it in Condition 4*(d)*;

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

"**Global Exchange Market**" means the Global Exchange Market of Euronext Dublin, which is the exchange-regulated market of Euronext Dublin;

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

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

"**Icelandic Statutory Loss Absorption Powers**" means any write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, (i) 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 any regime which is implemented pursuant to, or which otherwise contains provisions analogous to, BRRD and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period);

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

"**Interest Determination Date**" means, in relation to each Interest Period, the second Stockholm business day prior to the relevant Interest Period;

"**Interest Payment Date**" means 28 September, 28 December, 28 March and 28 June in each year, starting on (and including) 28 December 2021, 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;

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

"**Issue Date**" means 28 September 2021, 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 the Issuer and each entity which is part of the 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;

"**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 4.75 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 capital requirement or buffers;

"**Ordinary Shares**" means the ordinary shares of the Issuer;

"**own funds instruments**" has the meaning given to it in the CRD Regulation 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;

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

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

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

"**Reference Banks**" means four major banks in the principal interbank market relating to Swedish Krona selected by the Issuer;

"**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;

"**Regulatory Capital Requirements**" means, at any time, any requirement contained in the laws, regulations, requirements, guidelines and policies of the Competent Authority (whether or not having the force of law), Iceland or of the European Parliament and Council then in effect in Iceland relating to capital adequacy and prudential (including resolution) supervision 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 Icelandic Statutory Loss Absorption Powers by the Relevant Resolution Authority;

"**Relevant Date**" means (i) in respect of any payment other than a sum to be paid by the Issuer in a Winding-Up of the Issuer, 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 of the Issuer, 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 Resolution Authority**" means the resolution authority with the ability to exercise any Icelandic Statutory Loss Absorption Powers in relation to the Issuer from time to time, which, as at the date hereof, is the Icelandic Financial Supervisory Authority;

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

"**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;

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

"**SEK**" or "**Swedish Krona**" means the lawful currency of Sweden, being Swedish Krona as at the Issue Date;

"**Senior Creditors**" means, subject to any mandatory provisions of law applicable from time to time, creditors of the Issuer: (a) who are unsubordinated creditors of the Issuer; (b) whose claims are, or are expressed to be, subordinated to the claims of unsubordinated creditors of the Issuer but not further or otherwise; or (c) 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);

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

"**STIBOR**" means the Stockholm interbank offered rate;

"**Supervisory Permission**" means, in relation to any action, such notice, supervisory permission (and/or, as appropriate, consent, approval 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:

(i) 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

(ii) 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 from time to time by the Competent Authority or the applicable prudential rules;

"**Tier 2 Capital**" has the meaning given to it from time to time by the Competent Authority or the applicable prudential rules;

"**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 Principal Paying Agent and the Competent 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;

"**Winding-Up**" means a liquidation, dissolution or winding-up of the Issuer or analogous proceedings over the Issuer 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 these Listing Particulars. 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 SEK1 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 GEM 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 general corporate purposes.

DESCRIPTION OF THE ISSUER

For a description of the Issuer and its business, prospective investors should refer to the sections entitled "*Business Overview*" on pages 70 to 118 of the IPO Prospectus, "*Board of Directors, Executive Committee, Auditor and Corporate Governance*" to but excluding the heading "*Independent Auditor*" as set out on pages 215 to 223 of the IPO Prospectus, "*General Corporate Information*" as set out on page 241 of the IPO Prospectus and "*Material Contracts*" as set out on pages 241 to 242 of the IPO Prospectus, each as incorporated by reference into these Listing Particulars.

REGULATORY OVERVIEW

For a description of the regulatory framework in which the Issuer operates, prospective investors should refer to the section entitled "*Regulatory Overview*" on pages 119 to 130 of the IPO Prospectus, as incorporated by reference into these Listing Particulars.

RECENT DEVELOPMENTS

Change in Icelandic tax law

On 22 June 2021, a change in Icelandic tax law which provides for tax deductibility of interest on AT1 instruments like the Securities came into force.

Initial Public Offering

The initial public offering of shares of the Issuer closed on 15 June 2021. The number of shares sold in the offering amounted to 636,363,630, plus an additional 63,636,363 following the exercise of the over-allotment option in full. Immediately following the exercise of the overallotment option, Icelandic State Financial Investments (ISFI) held 65 per cent. of the share capital of the Issuer.

TAXATION

The following is a general description of the Issuer' understanding of certain Icelandic tax considerations relating to the Securities. It does not purport to be a complete analysis of all tax considerations relating to the Securities, whether in those countries or elsewhere. Prospective purchasers of the Securities should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of the Securities and receiving payments of interest, principal and/or other amounts under the Securities and the consequences of such actions under the tax laws of those countries. This overview is based upon the law as in effect on the date of these Listing Particulars and is subject to any change in law that may take effect after such date, even with retroactive effect.

Iceland Taxation

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) of Condition 10 shall not be applicable).

SUBSCRIPTION AND SALE

The Managers have, pursuant to a subscription agreement dated 24 September 2021, 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 these Listing Particulars (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 these Listing Particulars (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 these Listing Particulars 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 these Listing Particulars 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 these Listing Particulars 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.

Iceland

The investment described in these Listing Particulars has not been and will not be registered for public distribution in Iceland with the FSA-Iceland pursuant to the Prospectus Regulation.

Each Joint Lead Manager has acknowledged and agreed that these Listing Particulars may be distributed only to, and may be directed only at, persons who are (i) qualified investors under the private placement exemption of Article 1 Item 4 as defined in Article 2 Item e of the Prospectus Regulation or (ii) other persons to whom these Listing Particulars may be communicated lawfully in accordance with the Prospectus Regulation (all such persons together being referred to as the "**Iceland Relevant Persons**"). In Iceland, these Listing Particulars must not be acted on or relied on by persons who are not Iceland Relevant Persons. Any investment or investment activity to which these Listing Particulars relate is available in Iceland only to Iceland Relevant Persons and will be engaged in only with Iceland Relevant Persons. Any person in Iceland who is not an Iceland Relevant Person should not act or rely on these Listing Particulars or any of its contents. These Listing Particulars must not be distributed, published, reproduced or disclosed (in whole or in part) in Iceland by recipients to any other persons.

Sweden

The distribution of these Listing Particulars is not an offer to sell or a solicitation to any person in Sweden to buy the Securities and may not be forwarded to any other person or to the public in Sweden. These Listing Particulars have not been and will not be registered with or approved by the Swedish Financial Supervisory Authority (*Sw. Finansinspektionen*), pursuant to Regulation (EU) 2017/1129 of the European Parliament and of the Council. Accordingly, these Listing Particulars may not be made available, nor may the Securities otherwise be marketed and offered for sale in Sweden, other than in circumstances which do not require the publication by the Issuer of a prospectus pursuant to Regulation (EU) 2017/1129 of the European Parliament and of the Council.

Each Joint Lead Manager has acknowledged and agreed that the Listing Particulars may not be made available, nor may the Securities otherwise be marketed and offered for sale in Sweden, other than in circumstances which do not require the publication by the Issuer of a prospectus pursuant to Regulation (EU) 2017/1129 of the European Parliament and of the Council.

Finland

The Securities may not be offered or sold, directly or indirectly, to any resident of the Republic of Finland or in the Republic of Finland, except pursuant to applicable Finnish laws and regulations. Specifically, the Securities may not be offered or sold, directly or indirectly, to the public in the Republic of Finland as defined in the Finnish Securities Market Act (746/2012), as amended. These Listing Particulars may not be distributed in the Republic of Finland, other than: (i) to a limited number of less than one hundred fifty pre-selected investors; (ii) to an unlimited number of qualified investors as defined under the EU Prospectus Regulation (Regulation (EU) 2017/1129); or (iii) provided that the Securities may only be acquired for a consideration of not less than equivalent to EUR 100,000 or in denominations of not less than equivalent to EUR 100,000 per investor, and the offering of the Securities does not constitute a public offering as defined in the Finnish Securities Market Act. These Listing Particulars have not been approved by the Finnish Financial Supervisory Authority.

Each Joint Lead Manager has represented and agreed that it has not offered or sold and will not offer, sell or deliver any Securities directly or indirectly in Finland by way of a public offering, unless in compliance with all applicable provisions of the laws of Finland, including the Finnish Securities Markets Act (746/2012) and any regulation issued thereunder, as supplemented and amended from time to time.

Denmark

Each Joint Lead Manager has represented and agreed that it has not offered or sold, and will not offer, sell or deliver any of the Securities directly or indirectly in the Kingdom of Denmark by way of a public offering, unless in compliance with the Danish Capital Markets Act, consolidated act no. 931 of 6 September 2019, as amended, and any executive orders issued thereunder and in compliance with Executive Order no. 1580 of 17 December 2018 issued pursuant to, inter alia, the Danish Financial Business Act, consolidated act no. 937 of 6 September 2019, as amended, to the extent applicable.

Switzerland

These Listing Particulars are 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 these Listing Particulars nor any other offering or marketing material relating to the Securities constitutes a prospectus neither these Listing Particulars nor any other offering or marketing material relating to the Securities may be publicly distributed or otherwise made publicly available in Switzerland.

GENERAL INFORMATION

1. The issue of the Securities was duly authorised by a resolution of the Board of Directors of the Issuer dated 2 September 2021.

2. Application has been made to Euronext Dublin for the Securities to be admitted to trading on the GEM and to be listed on the Official List. The GEM is the exchange regulated market of Euronext Dublin and is not a regulated market for the purposes of MiFID II or UK MiFIR. It is expected that admission of the Securities to the Official List and to trading on the GEM will be granted on or about 28 September 2021, 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 GEM.

4. The Securities have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for the Securities is XS2390396427 and the Common Code for the Securities is 239039642. 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 549300PZMFIQR79Q0T97.

6. Save as disclosed in the section entitled "*Business Overview − Legal Proceedings*" on pages 117 to 118 of the IPO Prospectus, as incorporated by reference into these Listing Particulars and in the following paragraph, there are no, and there have not been any, governmental, legal or arbitration actions, suits or proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) involving the Issuer or any of its subsidiaries during the 12 months preceding the date of these Listing Particulars, which may have, or have had in recent past significant effects on the financial position or profitability of the Issuer and/or the Group taken as a whole.

   The EC-Clear case Kortaþjónustan ehf. (and later EC Clear ehf.) has repeatedly filed suits against the Bank, Valitor hf., Landsbankinn hf. and Arion Bank hf. in solidum for damages of approximately ISK 923 million resulting from anti-competitive behaviour of the parties during the period 2003-2013, as confirmed by the ICA with decision No. 8/2015. The Court's ruling, announced on 29 March 2017, confirmed the dismissal of the case due to inadequate presentation of Kortaþjónustan ehf.'s pleadings. Kortaþjónustan ehf. appealed the case to the Supreme Court of Iceland which dismissed the case on 1 June 2017. Since then, the claim has been brought up several times, before and after the transfer of Kortaþjónustan's rights to EC-Clear ehf. The cases have in all instances been dismissed, in June 2018, in February 2019 and the latest in March 2021. On 25 August 2021 the case was filed again. The Group has not recognised a provision in respect of this matter.

7. There has been no significant change in the financial or trading position of the Group since 30 June 2021 and there has been no material adverse change in the prospects of the Issuer since 31 December 2020.

8. Copies of the following documents in electronic form will, when published, be available for inspection at https://www.islandsbanki.is/en/product/about/funding for so long as the Securities remain outstanding:

   (i) the constitutional documents (with English translations thereof) of the Issuer;

   (ii) a copy of these Listing Particulars;

   (iii) the 2019 Financial Statements;

(iv) the 2020 Financial Statements;

(v) 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 these Listing Particulars.

9. Ernst & Young ehf., State Authorised Public Accountants of Borgartùni 30, 105 Reykjavik, Iceland, have audited, without qualifications, the annual consolidated financial statements of the Issuer for the financial years ended 31 December 2019 and 31 December 2020, in accordance with IFRS as adopted by the EU.

10. 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.

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