Kvika banki hf.

(*incorporated with limited liability in Iceland*)

€1,000,000,000

Euro Medium Term Note Programme

Under the €1,000,000,000 Euro Medium Term Note Programme (the **Programme**) described in this base prospectus (the **Base Prospectus**), Kvika banki hf. (the **Issuer**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

Notes may be issued in bearer or registered form (respectively, **Bearer Notes** and **Registered Notes**) or in uncertificated and dematerialised book entry form and cleared through the Nasdaq CSD Iceland (**CSD**) (**CSD Notes**). As more fully described herein, Notes may be issued on a (i) senior preferred basis (**Senior Preferred Notes**); (ii) senior non-preferred basis (**Senior Non-Preferred Notes**); or (iii) subordinated basis (**Subordinated Notes**), in each case, as provided in the Terms and Conditions of the Notes herein.

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €1,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement (as defined herein)), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*". Without prejudice to the other risks described in "*Risk Factors*", potential investors should note that in a winding-up of the Issuer, under current Icelandic law, Senior Preferred Noteholders (and, therefore, also Senior Non-Preferred and Subordinated Noteholders) will rank behind all depositors of the Issuer. See "*Risk Factors – The claims of holders of Senior Preferred Notes and Senior Non-Preferred Notes will be subordinated to claims of the Issuer's depositors in the event of a winding-up*" and Condition 3.1 of the Terms and Conditions of the Notes.

This Base Prospectus has been approved by the Central Bank of Ireland, as competent authority under Regulation (EU) 2017/1129 (the **Prospectus Regulation**). The Central Bank of Ireland only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or of the quality of the Notes that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes. Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU (as amended) (**MiFID II**) and/or which are to be offered to the public in any Member State of the European Economic Area (the **EEA**) in circumstances that require the publication of a prospectus in accordance with Article 1(4) and/or Article 3(2) of the Prospectus Regulation. Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin (**Euronext Dublin**) for Notes issued under the Programme to be admitted to the official list of Euronext Dublin (the **Official List**) and to trading on its regulated market (the **Regulated Market**). The Regulated Market is a regulated market for the purposes of MiFID II. Reference in this Base Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to the Official List and to trading on the Regulated Market.

This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to Notes which are to be admitted to trading on a regulated market in the EEA. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The Issuer intends to request that the Central Bank of Ireland provide the competent authority in Iceland (Financial Supervisory Authority of the Central Bank of Iceland) with a certificate of approval attesting that this Base Prospectus has been drawn up in accordance with the provisions of the

Prospectus Regulation (the **Notification**). The Issuer may request the Central Bank of Ireland to provide competent authorities in additional Member States within the EEA with a similar notification. Following provision of the Notification, the Issuer may apply for Notes issued under the Programme to be listed and admitted to trading on the Nasdaq Iceland hf. (or on the regulated market of any other Member State to which a similar notification has been made), either together with a listing on the Regulated Market or as a single listing. If any Notes issued under the Programme are to be listed on the Nasdaq Iceland hf. (or on the regulated market of any other Member State to which a notification has been made), this will be specified in the applicable Final Terms (as defined herein).

As at the date of this Base Prospectus, the Issuer has a deposit rating of Baa1 (long-term) and P-2 (short-term) and senior unsecured debt rating of A3 (long term debt) from Moody's Investors Service Limited (**Moody's**). The Programme has been rated Baa2 (Senior Preferred Notes), Ba1 (Senior Non-Preferred Notes) and Ba2 (Subordinated Notes) by Moody’s. Moody’s is established in the United Kingdom (**UK**) and is registered under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018. Moody’s is not established in the EEA and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) The rating Moody's has given in relation to the Issuer and the Programme is endorsed by Moody's Deutschland GmbH. Moody's Deutschland GmbH is established in the EU and is registered under the CRA Regulation. Moody's Deutschland GmbH is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation. Notes issued under the Programme may be rated or unrated by Moody's or by another rating agency. Where a Tranche of Notes is rated, such rating will be disclosed in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, as the case may be, and will not necessarily be the same as the rating assigned to the Issuer by the relevant rating agency. 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 rating agency.

The requirement to publish a prospectus under the Prospectus Regulation only applies to Notes which are to be admitted to trading on a regulated market in the EEA and/or offered to the public in any Member State of the EEA other than in circumstances where an exemption is available under Article 1(4) and/or Article 3(2) of the Prospectus Regulation. References in this Base Prospectus to **Exempt Notes** are to Notes for which no prospectus is required to be published under the Prospectus Regulation. The Central Bank of Ireland has neither approved nor reviewed information contained in this Base Prospectus in connection with Exempt Notes.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**), or with any state securities commission or any other United States regulatory authority and may include Notes in bearer form that are subject to United States tax law requirements. Accordingly, the Notes may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons (as defined in Regulation S under the Securities Act (**Regulation S**)) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Arranger
Swedbank

Dealers

Barclays	**BofA Securities**
Jefferies	**J.P. Morgan**
Kvika	**Morgan Stanley**
Nordea	**Swedbank**

The date of this Base Prospectus is 11 March 2025.

This Base Prospectus comprises a base prospectus for the purposes of Article 8 of the Prospectus Regulation.

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms or Pricing Supplement for each Tranche (as defined under *"Terms and Conditions of the Notes"*) of Notes issued under the Programme. To the best of the knowledge of the Issuer the information contained in this Base Prospectus is in accordance with the facts and makes no omission likely to affect its import. The information in the sections entitled "*Iceland and Financial Markets***" on pages 159 to 165 has been extracted from publications by the Central Bank of Iceland, Statistics Iceland, Iceland Chamber of Commerce and World Statistics, where indicated as such. The Issuer confirms that, in each case, such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by those sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.**

This Base Prospectus is to be read in conjunction with all information which is deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Base Prospectus shall be read and construed on the basis that such information is incorporated in, and forms part of, this Base Prospectus. Other than in relation to the information which is deemed to be incorporated by reference (see "*Documents Incorporated by Reference*"), the information on the websites to which this Base Prospectus refers does not form part of this Base Prospectus. Any website referred to in this document does not form part of the Base Prospectus and has not been scrutinised or approved by the Central Bank of Ireland.

In relation to any Tranche, the aggregate nominal amount of the Notes of such Tranche, the interest (if any) payable in respect of the Notes of such Tranche, the issue price and certain other information which is relevant to such Tranche will be set out in a final terms document (Final Terms) or, in the case of Exempt Notes, a pricing supplement (Pricing Supplement) substantially in the form set out under "*Form of Final Terms*" and "*Form of Pricing Supplement*", respectively, below.

In relation to Notes to be listed on Euronext Dublin, the Final Terms will be filed with the Central Bank of Ireland on or before the date of issue of the Notes of such Tranche. Copies of Final Terms relating to Notes listed on Euronext Dublin will be published on the website of Euronext Dublin at https://live.euronext.com/en/markets/dublin. Copies of Final Terms will also be available from the registered office of the Issuer and from the offices of the Principal Paying Agent (as defined below).

The Dealers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or

(ii) should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an 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 Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the EEA, Hong Kong, Singapore, Switzerland, the UK and Japan, see "***Subscription and Sale***".**

This Base Prospectus has been prepared on a basis that would permit an offer of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) with respect to the EEA only in circumstances where there is an exemption from the obligation under the Prospectus Regulation to publish a prospectus. As a result, any offer of Notes in any Member State of the EEA must be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer of Notes in that EEA Member State may only do so in circumstances in which no obligation arises for the Issuer or any Dealer 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. Further, this Base Prospectus has been prepared on the basis that any Notes with a minimum denomination of less than €100,000 (or equivalent in another currency) will with respect to the UK only be offered to the public pursuant to an exemption under section 86 of the Financial Services and Markets Act 2000 (FSMA).

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

The Notes may not be a suitable investment for all investors. Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should consider, either on its own or with the help of its financial and other professional advisers, whether it:

(a) **has sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;**

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

(c) **has sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes where the currency for principal or interest payments is different from the currency in which such investor's financial activities are principally denominated;**

(d) **understands thoroughly the terms of the relevant Notes and is familiar with the behaviour of financial markets; and**

(e) **is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.**

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to 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) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Notes being offered, including the merits and risks involved. The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Base Prospectus or confirmed the accuracy or determined the adequacy of the information contained in this Base Prospectus. Any representation to the contrary is unlawful.

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

IMPORTANT – EEA RETAIL INVESTORS

If the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", such Notes

are not intended to 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; (ii) a customer within the meaning of Directive (EU) 2016/97 (the Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently no key information document required by Regulation (EU) No. 1286/2014 (as amended) (the PRIIPs Regulation) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – UK RETAIL INVESTORS

If the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to UK Retail Investors", such Notes are not intended to 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 UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (EUWA); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of UK domestic law by virtue of the EUWA (UK MiFIR); or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No. 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the UK PRIIPs Regulation) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE/TARGET MARKET

The applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement will include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a distributor) should take into consideration the target market assessment; however a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the MiFID Product Governance Rules), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MIFIR PRODUCT GOVERNANCE / TARGET MARKET

The applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. A distributor (as defined above) should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product

Governance Sourcebook (the UK MiFIR Product Governance Rules) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MIFIR Product Governance Rules.

BENCHMARKS REGULATION

Interest and/or other amounts payable under the Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the Benchmarks Regulation). If any such reference rate does constitute such a benchmark, the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (ESMA) pursuant to Article 36 (*Register of administrators and benchmarks*) of the Benchmarks Regulation. Transitional provisions in the Benchmarks Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement. The registration status of any administrator under the Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement to reflect any change in the registration status of the administrator.

PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE

The applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement in respect of any Notes may include a legend entitled "Singapore Securities and Futures Act Product Classification" which will state the product classification of the Notes pursuant to section 309B(1) of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the SFA). The Issuer will make a determination in relation to each issue about the classification of the Notes being offered for purposes of section 309B(1)(a) of the SFA. Any such legend included on the applicable Final Terms (or Pricing Supplement, as the case may be) will constitute notice to "relevant persons" for purposes of section 309B(1)(c) of the SFA.

GREEN FINANCING INSTRUMENTS

None of the Dealers accepts any responsibility for any "green" or "environmental" assessment of any Green Financing Instruments (as defined herein) or makes any representation or warranty or assurance whether such Notes will meet any investor expectations or requirements regarding any "green" or similar labels. None of the Dealers is responsible for any assessment of any Eligible Assets (as defined herein) or the use of proceeds of any Green Financing Instruments, nor the impact or monitoring of such use of proceeds. No representation or assurance is given by the Dealers as to the suitability or reliability of any opinion or certification of any third party made available in connection with any issue of Green Financing Instruments, nor is any such opinion or certification a recommendation by any Dealer to buy, sell or hold any such Notes. In the event any Green Financing Instruments are, or are intended to be listed or admitted to trading or otherwise displayed on any dedicated "green", "environmental" or other equivalently labelled segment of any stock exchange or securities market, no representation or assurance is given by

the Dealers that such listing or admission will be obtained or maintained for the lifetime of the Notes.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

Unless otherwise indicated, the consolidated financial information of the Issuer as of and for the years ended 31 December 2024 and 2023 included in this Base Prospectus has been derived from the audited consolidated annual financial statements of the Issuer as of and for the years ended 31 December 2024 and 2023 (together, the Annual Financial Statements), which have been incorporated by reference in this Base Prospectus.

The Issuer's financial year ends on 31 December, and references in this Base Prospectus to any specific year are to the 12-month period ended on 31 December of such year. The Annual Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Certain Defined Terms and Conventions

Capitalised terms which are used but not defined in any particular section of this Base Prospectus will have the meaning attributed thereto in "*Terms and Conditions of the Notes*" or any other section of this Base Prospectus.

Certain figures and percentages included in this Base Prospectus have been subject to rounding adjustments; accordingly figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

In this Base Prospectus, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

All references in this document to *U.S. dollars*, *U.S.$* and *$* refer to United States dollars; to *Sterling* and *£* refer to pounds sterling; and to *ISK*, *króna* or *krónur* refer to the currency of Iceland. In addition, all references to *euro* and *€* refer 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.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

This Base Prospectus contains forward-looking statements that reflect the Issuer's intentions, beliefs or current expectations and projections about its future business, results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which it operates. They include statements concerning the Issuer's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward looking statements. When used in this Base Prospectus, 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 sections entitled "*Risk Factors*" and "*Description of the* Issuer" and other sections of this Base Prospectus. The Issuer has based these forward looking statements on the current view of its management with respect to future events and financial performance, taking into account information currently available to the Issuer. Although the Issuer believes that the expectations, estimates and projections reflected in its forward looking statements are reasonable as of the date

of this Base Prospectus, if one or more of the risks or uncertainties materialise, including those identified below or which the Issuer has otherwise identified in this Base Prospectus, 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:

(a) **the Issuer's ability to achieve and manage the growth of its business;**

(b) **the performance of the markets in Iceland and the wider region in which the Issuer operates;**

(c) **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;**

(d) **the Issuer's ability to obtain external financing or maintain sufficient capital to fund its existing and future investments and projects; and**

(e) **changes in political, social, legal or economic conditions in the markets in which the Issuer and its customers operate.**

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

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

TABLE OF CONTENTS

Page

Overview of the Programme 11
Risk Factors 19
Documents Incorporated by Reference 52
Form of the Notes 54
Form of Final Terms 59
Form of Pricing Supplement 78
Terms and Conditions of the Notes 94
Use of Proceeds 155
Iceland and Financial Markets 159
Description of the Issuer 166
Taxation 185
Subscription and Sale 188
General Information 193

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the Terms and Conditions of any particular Tranche of Notes, the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions of the Notes, in which event, in the case of listed Notes only and if appropriate, a new prospectus or a supplement to this Base Prospectus will be made available which will describe the effect of the agreement reached in relation to such Notes.

This Overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No 2019/980 (the **Delegated Regulation**).

Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this Overview.

Issuer:	Kvika banki hf.
Issuer Legal Entity Identifier (LEI):	254900WR3I1Z9NPC7D84
Description:	Euro Medium Term Note Programme
Arranger:	Swedbank AB (publ)
Dealers:	Barclays Bank Ireland PLC BofA Securities Europe SA Jefferies GmbH J.P. Morgan SE Kvika banki hf. Morgan Stanley Europe SE Nordea Bank Abp Swedbank AB (publ) and any other Dealers appointed in accordance with the Programme Agreement.
Programme Size:	Up to €1,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*") including the following restrictions applicable at the date of this Base Prospectus. **Notes having a maturity of less than one year**

Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the UK, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the FSMA unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale*".

Issuing and Principal Paying Agent:	Citibank, N.A., London Branch
CSD Account Manager:	Kvika banki hf.
Registrar:	Citibank Europe plc
Currencies:	Notes may be denominated in any currency agreed between the Issuer and the relevant Dealer.
Maturities:	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency. Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "*Certain Restrictions – Notes having a maturity of less than one year*" above.
Issue Price:	Notes may be issued at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	The Notes will be issued in (i) bearer form, (ii) registered form or (iii) uncertificated and dematerialised book entry form and cleared through the CSD, in each case as described in "*Form of the Notes*". Registered Notes will not be exchangeable for Bearer Notes or CSD Notes. Bearer Notes will not be exchangeable for Registered Notes or CSD Notes. CSD Notes will not be exchangeable for Bearer Notes or Registered Notes.
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and, on redemption, will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Rate Notes:	Floating Rate Notes will bear interest at a rate determined, subject to the successor or alternative reference rate provisions in Condition 5.3, on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service. on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service. The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

Reset Notes: Reset Notes have reset provisions pursuant to which the relevant Reset Notes will, in respect of an initial period, bear interest at an initial fixed rate of interest specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement. Thereafter, the fixed rate of interest will be reset on one or more date(s) by reference to a mid-market swap rate or a rate based on the yield for an identified government bond or certain government bonds (in each case relating to the relevant Specified Currency), and for a period equal to the Reset Period, in each case as may be specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement.

The margin (if any) in relation to Reset Notes will be agreed between the Issuer and the relevant Dealer for each Series of Reset Notes and will be specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement.

Interest on Reset Notes in respect of each Interest Period as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

Zero Coupon Notes: Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Inflation Linked Notes: Inflation Linked Notes will bear interest adjusted for inflation in accordance with the provisions set out in Condition 4.5 and payable on such date or dates as may be agreed with the Issuer. Inflation Linked Notes will be redeemed by payment of one or more amounts adjusted for inflation in accordance with the provisions set out in Condition 6.15, constituting payments of principal in relation to such Inflation Linked Notes.

Inflation Linked Notes may only be issued in the form of CSD Notes.

Inflation Linked Amortising Notes: Inflation Linked Amortising Notes will bear interest and will be redeemed by payment of one or more amounts, adjusted in each case for inflation in accordance with the provisions set out in Conditions 4.6 and 5.8, which will be payable on such date or dates as may be agreed with the Issuer.

Inflation Linked Amortising Notes may only be issued in the form of CSD Notes.

Other provisions in relation to Inflation Linked Notes and Inflation Linked Amortising Notes:	Inflation Linked Notes and Inflation Linked Amortising Notes may have variable interest amounts and principal amounts. Interest on Inflation Linked Notes and Inflation Linked Amortising Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on the relevant Interest Payment Dates. The interest payable will be calculated in accordance with the formula set out in Condition 4.5 for Inflation Linked Notes and Condition 4.6 for Inflation Linked Amortising Notes.
Change of Interest Basis:	Notes may be converted from one Interest Basis to another if so provided in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement.
Redemption:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date. The applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons) or that such Notes will be redeemable at the option of the Issuer (including, in the case of Subordinated Notes, upon the occurrence of a Capital Event and, in any case, upon the occurrence of an MREL Disqualification Event, as the case may be) or pursuant to the Clean-up Redemption Option, in each case, upon giving notice to the Noteholders on a date or dates specified prior to such stated maturity and at a price or prices and on (in the case of Exempt Notes only) such other terms as may in each case be agreed between the Issuer and the relevant Dealer. The terms of any such redemption, including notice periods, any relevant conditions to be satisfied and the relevant redemption dates and prices will be indicated in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement. No early redemption of the Notes may take place without the prior written consent of the Relevant Regulator (if and to the extent such consent is required). See Condition 6.13.
Denomination of Notes:	The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions – Notes having a maturity of less than one year*" above, and save that the minimum denomination of each Note admitted to trading on a regulated market within the EEA or offered to the public in a Member State of the EEA or the UK in circumstances which require the publication of a prospectus under the Prospectus Regulation or the FSMA (as applicable) will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).

Taxation:	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction, except as required by law, as provided in Condition 7. In the event that any such deduction is made, in the case of a payment of interest only, the Issuer will, save in certain limited circumstances provided in Condition 7, be required to pay additional amounts to cover the amounts so deducted.
Negative Pledge:	The terms of the Notes will not contain a negative pledge provision.
Enforcement Events:	The terms of the Notes will contain enforcement events relating only to non-payment (allowing a Noteholder to institute proceedings in Iceland in order to recover the amounts due from the Issuer to such Noteholder) and the liquidation or bankruptcy of the Issuer, provided that a Noteholder may not itself file for the liquidation or bankruptcy of the Issuer.
Status of the Senior Preferred Notes:	The Senior Preferred Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall rank *pari passu* among themselves and (subject to such mandatory exceptions as are from time to time applicable under Icelandic law) at least *pari passu* with all other unsecured obligations of the Issuer from time to time outstanding and senior to any Senior Non-Preferred Liabilities of the Issuer, from time to time outstanding. In relation to obligations required to be preferred by law, current Icelandic law provides that, in the event that the Issuer enters into winding-up proceedings pursuant to Article 101 of the Act on Financial Undertakings, the claims of the holders of the Notes and any relative Coupons will be subordinated to the claims of all of the Issuer's depositors.
Status of the Senior Non-Preferred Notes:	The Senior Non-Preferred Notes will constitute direct, unconditional and unsecured obligations of the Issuer and will at all times rank *pari passu* without any preference among themselves. In the event of a liquidation, dissolution or winding-up of, or analogous proceedings over the Issuer by way of exercise of public authority, claims of the Noteholders against the Issuer in respect of, or arising under, the Notes (including any amounts attributable to the Notes and any damages awarded for breach of any obligations thereunder) shall rank: (a) *pari passu* without preference among themselves; (b) *pari passu* with all other Senior Non-Preferred Liabilities of the Issuer; (c) senior to holders of all classes of share capital of the Issuer and any subordinated obligations or other securities of the Issuer which rank, or are expressed to rank, junior to the Senior Non-Preferred Liabilities of the Issuer (including, without limitation, any Subordinated Notes); and

	(d) junior to present or future claims of (a) depositors of the Issuer and (b) other unsubordinated creditors of the Issuer that are not creditors in respect of Senior Non-Preferred Liabilities of the Issuer.
Status of the Subordinated Notes:	The Subordinated Notes will constitute subordinated and unsecured obligations of the Issuer and will at all times rank *pari passu* without any preference among themselves. In the event of a liquidation, dissolution or winding-up of, or analogous proceedings over the Issuer by way of exercise of public authority, claims of the Noteholders against the Issuer in respect of, or arising under, the Notes (including any amounts attributable to the Notes and any damages awarded for breach of any obligations thereunder) shall, subject to mandatory provisions of Icelandic law including but not limited to any Icelandic implementation of Article 48(7) of the BRRD, rank: (a) *pari passu* without preference among themselves; (b) *pari passu* with present or future claims in respect of Parity Securities; (c) in priority to any present or future claims in respect of Junior Securities; and (d) junior to any present or future claims in respect of Senior Creditors.
Subordinated Notes – Substitution or Variation:	Where the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement specify that Condition 6.11 applies, if at any time a Tax Event or a Capital Event occurs, or to ensure the effectiveness or enforceability of Condition 17, the Issuer may, subject to the provisions of Condition 6.13 (if, and to the extent so required), either substitute all, but not some only, of the Subordinated Notes for, or vary their terms (including changing the governing law of Condition 17 from English law to Icelandic law) so that they remain or, as appropriate, become, Subordinated Qualifying Securities (as defined in Condition 6.11), as further provided in Condition 6.11.
Senior Preferred Notes, Senior Non-Preferred Notes and Subordinated Notes – Substitution or Variation:	Where the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement specify that Condition 6.12 applies, if at any time a Tax Event or an MREL Disqualification Event occurs, or to ensure the effectiveness or enforceability of Condition 17, the Issuer may, subject to the provisions of Condition 6.13 (if, and to the extent so required), either substitute all, but not some only, of the Notes for, or vary their terms (including changing the governing law of Condition 17 from English law to Icelandic law) so that they remain or, as appropriate, become, in the case of Senior Preferred Notes, Senior Preferred Qualifying Securities, in the case of Senior Non-Preferred Notes, Senior Non-Preferred Qualifying Securities (as defined in Condition 6.12) or, in the case of Subordinated Notes, Subordinated

	Qualifying Securities, as the case may be, as further provided in Condition 6.12.
Use of Proceeds:	The net proceeds (in respect of (a) and (c) below) or an amount equal to the net proceeds (in respect of (b) below) from each issue of Notes will, as specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, be: (a) used for the Issuer's general corporate purposes; or (b) used to finance or refinance, in whole or in part, the Issuer's investments in Eligible Assets, as further described in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement and the Issuer's Green Funding Framework dated February 2024 (as amended or supplemented from time to time) (the **Green Funding Framework**) available on the Issuer's website (https://kvika.is/en/fjarfestaupplysingar/?category=funding&subCategory=3); or (c) used to finance any other particular identified use of proceeds as stated in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement.
Listing and Admission to Trading:	Application has been made to Euronext Dublin for Notes issued under the Programme to be admitted to the Official List and to trading on the Regulated Market. Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the relevant Series. Notes which are neither listed nor admitted to trading on any market may also be issued. The applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and construed in accordance with, English law, except for the CSD Notes and (in the case of Bearer Notes and Registered Notes) the provisions of Condition 3 which shall, in each case, be governed by, and construed in accordance with, Icelandic law.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA, Hong Kong, Singapore, Switzerland, the UK and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*".

United States Selling Restrictions:	Regulation S, Category 2 and TEFRA C or D/TEFRA not applicable, as specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement.
Exempt Notes:	The Issuer may agree with any Dealer that Exempt Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event the relevant provisions will be included in the relevant Pricing Supplement (as defined herein).

RISK FACTORS

In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of risk factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such risk factors, as the Issuer may not be aware of all relevant risk factors and certain risk factors which it currently deems to be non-material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Base Prospectus a number of risk factors which could materially adversely affect its business and ability to make payments due under the Notes. Investors may lose all or part of their investment in the Notes and could result in investors losing all or part of their investment in the Notes.

In addition, risk factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

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

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME

Set forth below are certain risks that could materially adversely affect the Issuer's future business, operating results or financial condition.

Risks Relating to the Issuer's Business Activities and Industry

The Issuer conducts most of its business in Iceland and its operations are therefore significantly influenced by the development of the Icelandic economy, including the real estate sector.

Domestic and International Economic Developments

The overall strength of Iceland's economy has been, and will continue to be, shaped by both domestic developments and global economic conditions.

Economic cycles play a crucial role in influencing the demand for investment and banking products. These cycles are affected by global political events such as terrorism, war, and geopolitical hostilities, as well as shifts in consumer confidence, employment rates, industrial output, and overall economic stability. Additionally, local factors such as the value of the króna, inflation rates, and fiscal policies significantly impact economic performance.

Like many others, Iceland's economy suffered a severe downturn in 2020 due to the COVID-19 pandemic, with GDP contracting by 6.9 per cent. due to the collapse of international tourism (*source: Statistics Iceland*). However, the economy rebounded with GDP growth of 5.1 per cent. in 2021 and 8.9 per cent. in 2022 (*source: Statistics Iceland*), which was supported by private consumption and the recovery of external trade. In 2024, Iceland faced challenges in its export sector, including a failed capelin catch and slower growth in tourism, leading to a slight contraction in GDP which measured 4.1 per cent. in 2023 (*source: Statistics Iceland*). As of early 2025, Iceland's economy is entering a period of stabilisation following recent fluctuations, as the Central Bank of Iceland has begun reducing interest rates, aiming to balance economic growth with price stability. Looking ahead, forecasts suggest modest GDP growth of around 2.3 per cent. in 2025 (*source: Statistics Iceland*), with expectations of continued economic moderation and controlled inflation.

Mid-year 2024, Statistics Iceland revised its GDP estimates for 2020 through 2022, and the paragraph above references such revised GDP estimates. The revision by Statistics Iceland was primarily due to updated and more accurate data on capital formation within the business sector, which was previously underestimated. The revisions have prompted discussions regarding the accuracy and reliability of initial estimates and its effect on economic data and the potential implications for policy decisions. While the Central Bank of Iceland has not publicly commented specifically, there is an increased risk in the fluctuation of data that the Central Bank of Iceland relies on to inform its monetary policy decisions.

Iceland's economy further remains vulnerable to external factors, particularly conditions in Europe and the broader global economic environment. Events such as Russia's invasion of Ukraine in 2022 and the ongoing conflicts in the Middle East contribute to inflationary pressures, supply chain disruptions, and financial market volatility. In response, central banks globally have tightened monetary policies, including rapid policy rate increases in the Eurozone and the U.S. in 2022 and 2023. While easing measures have been introduced in late 2024, their continuation depends on economic conditions and inflation trends.

Sanctions imposed on Russia and geopolitical tensions between China, Taiwan, and the U.S. add further uncertainty. Furthermore, the change in leadership following the November 2024 U.S. elections has resulted in policy shifts affecting international trade, global conflict resolution, and economic strategies. Proposed tariff increases and trade adjustments may escalate tensions, influencing global markets and economic stability.

Currency Fluctuations and Inflation

The króna has experienced volatility in recent years, influenced by seismic activity, investor confidence, and economic conditions. After depreciation in late 2023 following volcanic activity on the Reykjanes Peninsula, the currency rebounded in the autumn of 2024. Throughout early 2025, the króna has remained relatively stable, supported by easing inflation and a cautious monetary policy though ongoing external uncertainties and trade fluctuations continue to influence the króna's performance. Currency fluctuations impact inflation, interest rates, consumer confidence, and competitiveness in export markets.

Inflation remains a critical factor, at a rate of 4.6 per cent. in January 2025, which is above the Central Bank of Iceland's target of 2.5 per cent. Inflation peaked at 10.2 per cent. in early 2023 but has been on a downward trend and is expected to reach the Central Bank of Iceland's inflation target of 2.5 per cent. in 2026 as per the Central Bank of Iceland's Monetary Bulletin dated February 2025. The Central Bank of Iceland responded to inflationary pressures by raising interest rates from 0.75 per cent. in May 2021 to 9.25 per cent. in August 2023 before beginning an easing cycle, reducing rates by 0.25 per cent. in October 2024, 0.5 per cent. in November 2024 and again by 0.5 per cent. in February 2025.

Volcanic Activity and Economic Implications

A cause for increased uncertainty is the effect of volcanic activity on the Icelandic economy. Iceland has experienced multiple volcanic eruptions between 2023 and 2024, concentrated on the Reykjanes Peninsula close to the capital area. The eruptions may signal a beginning of a period of volcanic unrest which have and may continue to incur significant costs for the government in Iceland e.g. due to protection measures, damaged assets and infrastructure. However, the volcanic activity could also stimulate economic activity in certain sectors, such as construction and infrastructure development, as resources are redirected towards repairing and reinforcing affected areas. Overall, the economic impact will likely depend on the duration and intensity of the eruption, as well as the effectiveness of mitigation measures implemented by authorities and businesses.

Real Estate Market and Housing Prices

Housing prices have increased by 70 per cent. from January 2020 to September 2024 as measured by the residential property market price index of house prices in the Reykjavík. The index rose 6.4 per cent. in 2020, 12.5 per cent. in 2021, 21.0 per cent in 2022 and 7.8 per cent. in 2023 (year-on-year changes between annual averages). The increase in housing prices prior to 2022 was partly due to lower interest rates as the Central Bank of Iceland lowered rates in response to the impact of the COVID-19 pandemic and the measures adopted to mitigate any such impact on the Icelandic economy. However, interest rates have now risen due to increased inflation, which has caused mortgage rates to rise accordingly which could negatively affect housing prices as well as mortgage affordability for households. Nonetheless, the residential property market price index increased by 11.9 per cent. in the period from September 2023 to September 2024, in large parts driven by the recent volcanic eruption and evacuation of the town of Grindavík, which displaced 1 per cent. of the population. In response to the displacement, the Icelandic government enacted legislation to acquire residential properties in Grindavík, enabling residents to access funds for purchasing new homes elsewhere, which most have done. This has substantially increased demand in the housing market. Imbalances between property prices and their determinants have grown more pronounced. All of this indicates that risk in the housing market has mounted in the recent term, and the likelihood of stagnation or a correction in the market has increased, which could have a material adverse effect on the real estate industry sector in Iceland, particularly if the value of real estate held as collateral for lending stagnates or declines.

A global recession, or continued economic instability, could reduce demand for Iceland's primary exports and general economic position. The impact of these factors on Iceland's economy could materially affect the Issuer's business, financial position, and operational results. A decline in consumer demand for the Issuer's products, coupled with potential depreciation in the value of its financial instruments, could adversely affect revenue streams and its ability to meet financial obligations, including payments related to Notes and creditors.

Given these uncertainties, the Issuer remains exposed to macroeconomic risks that could influence its long-term stability and financial performance.

Should one or more of the Issuer's counterparties fail to meet obligations it could result in an adverse effect on the Issuer's business, operations, and stability

Granting of credit is one of the Issuer's main sources of income; consequently, one of the Issuer's primary sources of risk is counterparty credit risk, which can significantly affect the financial stability of the Issuer. Credit risk is defined as the risk that the Issuer will incur losses due to a counterparty defaulting on debt, or debt equivalent instruments, granted by the Issuer. Credit risk includes loans to customers, guarantees, loan commitments and derivative transactions. Additional assets such as deposits in bank accounts and accounts receivables qualify, among others, as credit risk. However, the largest part of the Issuer's credit risk involves lending to individuals and legal entities. Information on the Issuer's loan portfolio and credit quality of financial assets can be found in note 46. of the Issuer's financial statements for the period ending 31 December 2024, which have been incorporated by reference into this Base Prospectus. Failure to accurately assess credit risk could increase credit risk exposure, which could increase the amount of credit losses accrued by the Issuer and have a material adverse effect on the Issuer's financial condition.

A sectorial, single-name and/or geographical concentration of the loan portfolio could affect the Issuer's business, financial condition and operations

The Issuer's loan portfolio is concentrated in key sectors, which include real estate, construction, service activities, financial entities and holding companies. See note 46. a. of the Issuer's financial statements for the period ending 31 December 2024 which have been incorporated by reference into this Base Prospectus. Downturns in these sectors that influence customers' ability to meet their obligations may ultimately have an adverse effect on the quality of the Issuer's loan portfolio and increase the amount of credit losses.

Economic downturns could affect the Issuer's loan portfolio such as increased loan impairments granted by the Issuer

The Issuer's loan portfolio is mainly composed of loans to Icelandic businesses. Increased corporate insolvency and reduced disposable income may reduce the customers' ability to repay loans granted by the Issuer. This may lead to a higher impairment of loans in the Issuer's loan portfolio.

The Issuer maintains a loan portfolio with emphasis on the general quality of lending, rather than quantity. Emphasis is placed on a robust and efficient lending process that contributes to the quality of the loan portfolio in relation to customer risk categorisation and pledged collateral quality classification. Emphasis is placed on providing first-class specialised banking services which utilise a flexible infrastructure. Failings during the lending process might lead to negative evaluations of the quality of the borrower and therefore affect the credit quality of the loan portfolio.

The loan portfolio is unique with respect to composition and duration. As of 31 December 2024, the duration of the loan portfolio was relatively short or just over two years.

The Issuer and its subsidiaries taken as a whole (the **Group**) applies the same valuation methods to collateral held as other comparable assets held by the Group. For other types of assets, the Group uses third party valuation where possible. Haircuts are applied to account for liquidity and other factors which may affect the collateral value of the asset, or other credit enhancement.

The loan-to-value ratio (**LTV**) is the ratio of the gross amount of the loan to the value of the collateral, if any. The general creditworthiness of a customer is viewed as the most reliable indicator of the credit quality of a loan. Valuation of collateral held against loans is updated as deemed necessary based on price volatility and liquidity. An incorrect valuation of collateral can lead to increased credit losses due to a lower than anticipated collectable value of the pledged collateral and therefore can have an effect on the Issuer's financial position.

The Issuer is exposed to the risk of counterparties repaying loans earlier than expected

Prepayment risk is the risk that the Issuer will incur a financial loss because its counterparties request repayment of loans earlier than expected. Changes in interest rates could influence the customer's willingness and ability to make unscheduled early payments on loans granted by the Issuer. This could lead to decreased interest income for the Issuer and therefore have an effect on the Issuer's financial position. In particular, the prepayment of fixed interest rate loans (as at the date of this Base Prospectus, a majority of the Issuer's loan book is comprised of floating rates loans) could have a negative impact on the Issuer's net interest income due to the fact that the interest rate environment might be lower at the time of repayment, which would lead to the Issuer re-lending at a lower fixed interest rate on a new fixed interest rate loan, or due to increased competition in fixed rate lending.

The Issuer is exposed to a wide range of market risks. The most significant risk factors include interest rate, equity, foreign exchange and inflation risks

Market risk constitutes risk due to changes in the market prices of financial instruments and comprises interest rate risk, currency risk and other price risk. The Issuer has a strict policy on controlling market risk and keeping its exposure within set limits. Risk Management monitors market risk limits daily and reports regularly to the Asset and Liability Committee and to the CEO. Failure to address and monitor market risk could affect the Issuer's financial position and credibility.

The Issuer is mainly exposed to market risk caused by changes in equity prices, bond yields and currency exchange rates that can adversely affect the Issuer's financial position. The Issuer has both direct and indirect exposure to market risk. The Issuer is directly exposed to market risk through its activities and holdings in the following departments: Corporate Banking, Proprietary Trading, Capital

Markets and Treasury departments. These direct exposures arise from the holding of financial instruments, in addition to the operation of market making services for domestic issuers of securities. Furthermore, indirect market risk arises through the activities of Asset Management and Corporate Finance, as the main source of income for these departments is performance fees, in addition to total amount of assets under management.

Changes in market variables directly impact the assets of the Issuer's trading portfolios, which are marked-to-market daily, recognising gains and losses immediately in the income statement. The Issuer's trading portfolios consist of market making portfolios for both stocks and bonds, as well as a trading portfolio for proprietary trading. Furthermore, there is market risk exposure in the treasury portfolio and the investment portfolio. The treasury portfolio contains securities positions, which are considered part of the Issuer's active financial management, such as liquid assets. Investment securities that are not actively traded are valued either at amortised cost or at fair value. Further market risk due to assets and liabilities on- and off-balance sheet can arise, due to currency mismatches, interest rate imbalances and indexation.

The Asset and Liability Committee addresses the Issuer's market risk in accordance with the defined rules of the committee and may, in cooperation with Risk Management, set more detailed criteria for positions and define limits and targets. Exceeding of limits are immediately reported to the Asset and Liability Committee and the CEO and decisions on appropriate actions are made in accordance with the severity of the violation.

Risk Management measures the direct risk of trading portfolios daily, using statistical value at risk (**VaR**) methods. VaR is a measure of the financial risk in the investment portfolio using a 99 per cent. confidence level and one-day holding period. Limits are set by Risk Management for risk arising from both equity and debt securities in market making portfolios, and the limits are monitored by Risk Management daily. Failure to correctly estimate VaR could cause unexpected losses in the trading portfolio, which would affect the Issuer's financial position.

Failure to accurately assess and manage market risk could have a material adverse effect on the Issuer's financial condition.

Interest Rate Risk

Interest rate risk refers to the risk of loss due to general interest rate changes. The Issuer's interest rate risk is twofold. On the one hand, the Issuer has a portfolio of bonds, where market rates affect prices, and any fluctuations are recognised through the income statement. On the other hand, the Issuer has a mismatch in assets and liabilities with fixed interest terms. These include loans and swap contracts for securities on the asset side and borrowings and deposits on the liability side. The impact of interest rate changes on the Issuer's performance is determined by the characteristics of the Issuer's assets and liabilities, particularly interest rate revision provisions. Thus, interest rate hikes can reduce the value of loans with fixed interest rates, while raising the cost of funding. The interest rate change has a lasting effect if interest rates are fixed over the contract period, while the effect is limited to the next interest rate revision date, if the interest rates are variable.

The Group performs monthly sensitivity analysis on financial assets and liabilities in trading and non-trading portfolios that are subject to interest rate risk. The sensitivity analysis assumes a shift in the yield curves for all currencies.

Failure to accurately assess and manage interest rate risk could increase the Issuer's trading and non-trading portfolio losses and could affect the Issuer's loan portfolio through reduced interest rate income, which would have a material adverse effect on the Issuer's financial condition.

Equity Risk

Increased uncertainty in the financial markets contributes towards increased volatility in equity markets, which will affect the Issuer's business. Equity risk arises from the change in value of individual equity exposures. The Issuer has equity risk exposure towards positions held in the trading book and positions in the non-trading portfolio. Increased volatility and fluctuations in the equity markets could indirectly affect the Issuer's accrued performance fees related to equity markets and cause severe direct losses in the Issuer's trading portfolios.

Currency Risk

Currency risk arises from fluctuations in the currency rate of financial instruments that are not denominated in the functional currency of the Issuer, the króna. A part of the Issuer's financial assets and financial liabilities is denominated in foreign currencies.

Treasury manages the Issuer's position in foreign currencies by buying and selling currency and derivatives. Currency positions are monitored daily by Risk Management and Treasury and reported monthly to the Asset and Liability Committee and the Central Bank of Iceland. Any mismatch between assets and liabilities in each currency is monitored closely and maintained within limits.

The Issuer is subject to restrictions set by the Central Bank of Iceland (see Rules no. 784/2018 on Foreign Exchange Balance), regarding the maximum size of open currency positions; these must not exceed 15 per cent. of the capital base.

The Foreign Exchange Act No. 70/2021 (the **Foreign Exchange Act**) entered into force on 25 June 2021. The Foreign Exchange Act replaced Act No. 87/1992 with subsequent amendments, which provided for a general prohibition on outflow of foreign currency from Iceland unless the transaction in question was expressly exempted from the prohibition in the Foreign Exchange Act or by decision of the Central Bank of Iceland. The Foreign Exchange Act now provides for the free movement of capital as a general principle. However, the Central Bank of Iceland is afforded the mandate to enact rules restricting the inflow of foreign currency, prohibiting unhedged loans in foreign currency and providing for other restrictions on capital movements in the interest of financial stability, subject to approval by the Minister of Finance and Economic Affairs, please see chapters II and III of the Foreign Exchange Act. Direct foreign investment in Iceland may be affected by the potential scenario that capital restrictions are re-imposed in the future. This would severely limit the growth of the Icelandic economy and therefore have a severe effect on the business growth potential of the Issuer.

CPI/Inflation Risk

Exposure to changes in the Icelandic Consumer Price Index (**CPI**) bears the risk that fluctuations in the CPI will affect the balance and cash flow of indexed financial instruments. The Issuer is exposed to Icelandic inflation caused by the imbalance of CPI indexed assets and CPI indexed liabilities. Indexed assets and liabilities of the Issuer consist of securities and interest rate swap agreements, as well as indexed deposits and loans to customers.

The Issuer controls its indexation risk through derivatives contracts and sales and purchases of indexed bonds, mostly government bonds, and thus keeps its inflationary position within the limits of the maximum 100 per cent. of the capital base, as defined by the Asset and Liability Committee.

The Issuer is exposed to liquidity risk. Unexpected changes in the underlying mechanisms of funding sources could have an adverse effect on the Issuer's ability to meet its obligations when they reach maturity

Liquidity risk is the risk that the Issuer will encounter difficulty in meeting contractual payment obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. This risk mainly arises from mismatches in the timing of maturing cash flows from assets and liabilities. The Issuer's largest funding source is deposits from individuals, corporations and financial institutions. A sudden outflow of deposits from customers might have an adverse effect on the liquidity position of the Issuer and therefore, its financial position.

Liquidity management is carried out by Treasury and monitored by Risk Management. The liquidity position is reported to the Asset and Liability Committee.

The Issuer continuously maintains liquidity and funding ratios in accordance with the Central Bank of Iceland's Rules on Credit Institutions' Liquidity Ratios, no. 266/2017 (the **2017 Liquidity Ratio Rules**). The 2017 Liquidity Ratio Rules include requirements for the coverage ratio between cash flows of assets and liabilities (**LCR**) as well as the required stable funding in foreign currencies (**NSFR**).

The minimum 30-day LCR for all currencies has been 100 per cent. from 2020. The Central Bank of Iceland amended the 2017 Liquidity Ratio Rules in 2019 where a requirement was set on the minimum 30-day LCR ratio for ISK. The Rules on Credit Institutions' Liquidity Ratios no. 1520/2022 (the **2022 Liquidity Ratio Rules**), took effect on 1 January 2023 and superseded the 2017 Liquidity Ratio Rules. The 2022 Liquidity Ratio Rules implement the European regulatory framework, in particular, Commission Delegated Regulation (EU) 2015/61 and subsequent amendments to it. The minimum NSFR for all currencies has been 100 per cent. from 2020. The 2022 Liquidity Ratio Rules provide that credit institutions must submit reports and maintain at all times a liquidity ratio of at least 100 per cent. in all currencies combined. Moreover, credit institutions must submit reports and monitor the ratios in significant currencies (i.e., currencies in which liabilities equal or exceed 5 per cent. of the credit institution's total liabilities). The minimum liquidity ratio for ISK is currently set at 50 per cent. If euro-denominated liabilities constitute 10 per cent. or more of the total liabilities a 80 per cent. liquidity ratio in euros is required. The Group has followed internal and external liquidity requirements since 2020. The Issuer's aim is to keep a steady 30-day LCR above 130 per cent. and a foreign NSFR above 150 per cent., in compliance with the Issuer's internal risk limits set by Risk Management and the Asset and Liability Committee.

Maturity analysis of financial assets and financial liabilities is based on contractual cash flows or, in the case of held for trading securities, expected cash flows. If an amount receivable or payable is not fixed, for example, for inflation indexed assets and liabilities, the maturity analysis uses estimates based on current conditions.

The Issuer has established guidelines regarding the matching of maturities of assets and liabilities. Furthermore, to ensure the ability to meet liquidity needs, the Issuer maintains a stock of highly liquid unencumbered assets, such as cash, treasury bills and bonds.

Failure to accurately assess and manage liquidity risk could have a material adverse effect on the Issuer's funding ability and liquidity position, therefore causing a severe effect on the Issuer's financial position.

Risk regarding the operations of the Issuer

The Group has continuously grown its business over the last years which has led to new implementations of systems and diversification in the Group's business activities. Operational risk is relevant to all of the Issuer's activities

Operational risk is the risk of financial losses resulting from the failure or inadequacy of internal processes or systems, due to employee error, fraud or other external events.

The Issuer will at all times attempt to properly and actively manage risks. The Issuer's risk management may not at all times be able to protect the Issuer against certain risks, especially risks that have not been identified or cannot be anticipated. The risk management methods may not take all risks into account, and it is possible that the methods are incorrect or based on incorrect information. Unanticipated or incorrectly quantified risk exposures could materially affect the Issuer's business, financial condition and results of operations. Multiple mergers and acquisitions, as well as organic growth over the past years as the Issuer has diversified its operations, has resulted in increased income across different business segments. Despite the benefits of diversification, diversification also presents added operational risk due to the different nature of businesses and their operational systems and processes. Further, integration of merged entities can create short-term operational risk as new entities and/or operations are integrated into the Issuer's systems and processes.

The Issuer is exposed to the risk of security breaches, failure of IT systems and unauthorized access of confidential information. The failure in functionality of the Issuer's information systems could have an adverse effect on the Issuer's business

The rapid development of technology has led to greater attention and importance of acknowledging information and communication technology risk, as most of the Issuer's operations rely entirely on information, information processing and automated information systems. Therefore, any incidents that compromise the information and communication solutions used by the Issuer can have a serious impact on the Issuer's business processes. These incidents can be various and either random, malicious or accidental, such as, destruction of data or data theft (for example, from cyber-attacks), errors and omissions, or system disruptions. These incidents could have a material effect on the Issuer's operations and business.

Due to the nature of providing banking services, the safe handling and processing of customer's personal data and other confidential information is an important part of the Issuer's daily operations. The same applies to the Issuer's subsidiaries, including, but not exclusive to, Kvika eignastýring hf. (**Kvika Asset Management**) and Kvika Securities Ltd. (**Kvika UK**). The Issuer and the subsidiaries are legally responsible for safeguarding personal data and confidential information, and must comply with strict data protection and privacy laws, including rules on bank secrecy, when handling and processing such data.

Pursuant to Act no. 161/2002 on Financial Undertakings (**Act on Financial Undertakings**), the Issuer's Board of Directors (the **Board**), managing directors, auditors, employees and any persons undertaking tasks on behalf of the Issuer, are bound by an obligation of confidentiality concerning any information of which they may become aware in the course of their duties regarding business or private concerns of the Issuer's customers. They may not disclose any such information unless they are obliged to do so by law. This obligation is commonly referred to as bank secrecy.

To protect confidential information, and to ensure compliance with rules on bank secrecy, the Issuer has implemented appropriate security measures, such as internal rules on information concerning the Issuer's customers, which apply to the work of all the Issuer's employees, board members, auditors, contractors and any other parties who undertake work on behalf of the Issuer. Further, all data access is controlled through dedicated access control systems to ensure data security and an overview of who is permitted to access which data. Access reviews are performed annually to maintain the quality of access control. Moreover, contracts with third-party service providers generally include confidentiality obligations which restrict the providers from using or disclosing any confidential information they receive from the Issuer. A performance failure or operational error by third-party service providers could have a material effect on the Issuer's business and operations.

However, security measures, such as confidentiality agreements, may not fully prevent the unauthorised use or disclosure of confidential information, or allow the Issuer to seek reimbursement from a third-party in the case of a breach of confidentiality obligations towards the Issuer. Act no. 90/2018, on Data Protection and the Processing of Personal Data (**Data Protection Act**), which implements the European General Data Protection Regulation, came into force in July 2018. The Data Protection Act included significant changes to the previous data protection legislation. To protect personal data, the Issuer has implemented appropriate security measures in accordance with the requirements of the new legal regime, including a data protection policy. The Issuer's data protection policy specifies the personal data that the Issuer can process, for what purposes, for how long the data can be stored, which third parties may obtain access to the personal data and how the security of personal data is guaranteed. The Board has appointed a data protection officer in accordance with the Data Protection Act, who shall be appointed based on professional competence. The task of the data protection officer is primarily to supervise compliance and assist the Issuer in complying with the provisions of the Data Protection Act. Penalties for non-compliance with the Data Protection Act can be monetary fines, damages and, in severe cases, criminal liability.

Cyber security breaches, human error and other factors which cause erroneous disclosure of confidential information, infringement of rules on bank secrecy or non-compliance with the Data Protection Act can lead to significant reputational damage and costs, fines, legal proceedings or regulatory actions being brought against the Issuer by governmental authorities, customers or other third parties. This can have an adverse effect on the Issuer's business, financial condition and ability to make payments in respect of the Notes.

Reputational risk is the risk of financial losses due to negative impressions towards the Issuer from stakeholders, such as customers, shareholders, employees, and investors. Consequences of negative impressions can lead to a lack of trustworthiness in the market, leading to a loss of customers and opportunities and, consequently, income

The Issuer has a well-established image and positive reputation that has contributed towards attracting new customers, as well as strengthening its business relations with core customers. The Issuer's image is also reflected in the image of its key subsidiaries, Kvika Asset Management and Kvika UK, and in brands such as Auður, Aur and Netgíró. If the Issuer's, or any of its connected parties' or brands', reputation suffered significant damage, there is a risk that a substantial number of customers will terminate their business relationship and other counterparties will be reluctant to engage in further transactions with the Issuer or the Group. A loss of customers and/or business relationships would negatively impact the Issuer's revenues and its potential to obtain funding, create new business relationships and maintain existing ones.

The Issuer emphasises that customers are kept informed and regularly provided with information about new services, changes to existing services and other information that customers may benefit from. The Issuer has implemented communication procedures, detailing how communications and information flows to customers, employees, the public, regulatory bodies and shareholders are to be conducted and who is authorised to publicly discuss matters relating to the Issuer and its operations. However, any failure to adequately communicate with customers could also pose a reputational risk to the Issuer and have a negative effect on the Issuer's credibility and trustworthiness.

The Issuer's future business growth relies on retaining qualified and experienced employees and management

The Issuer's operations are based on the knowledge, experience and future vision of the Issuer's essential employees. There is no guarantee that these individuals will continue to work for the Issuer. The loss of such essential employees may significantly delay the attainment of the Issuer's business objectives and could negatively affect the Issuer's business, financial condition and results of operations.

To minimise risks relating to absence of essential employees, a substitute for each member of the Executive Management has been designated by each relevant member of the Executive Management as well as the Group's Head of Treasury. The Board has been informed of the names and titles of the substitutes. Further, the Issuer's remuneration policy may, to some extent, limit the risk of loss of essential employees, but its main goal is to make the Issuer a desirable place of work for qualified and ambitious individuals and to build long-term relationships with employees. However, when the labour market experiences wage inflation, a prominent issue in Iceland's labour market in recent years, the Issuer may come under pressure to increase the salaries of its employees. Salary increases can lead to increases in the Issuer's expenditure, which could have an adverse effect on the Issuer's business, financial condition and ability to make payments in respect of the Notes.

The Issuer's consolidated financial statements are partly based on future estimates and assumptions. Large deviations from those measures could result in future losses and adversely affect the Issuer's business

The consolidated financial statements of the Issuer have been prepared in accordance with International Financial Reporting Standards (**IFRS**), as adopted by the EU and additional requirements in the Icelandic Financial Statement Act. The Issuer has diverse operations with four key operating segments, which increase the level of complication in preparing consolidated financial statements.

Furthermore, in the process of applying the Issuer's accounting policies, the management makes judgements and estimates which are based on various assumptions. These judgements and estimates can affect the reported amounts of assets and liabilities and income and expenses. Assumptions and estimates are based on historical experience and other factors, including reasonable expectations of future events, and are reviewed on an on-going basis. The estimates form the basis for judgements on the carrying value of assets and liabilities, which are not readily available from other sources, and actual results may differ. Judgements may also be required in circumstances not involving estimates, for example, when determining the substance of a particular transaction, contract or relationship.

The areas where the use of judgements and estimates has the most significant effect on the amounts recognised in the statement of financial position or the income statement are the following:

Fair value of financial instruments: the fair value of financial instruments that are not quoted in active markets is determined using valuation techniques which are reviewed regularly. The fair value of financial assets and liabilities that are traded in active markets are based on quoted market prices. For other financial instruments, the Issuer determines fair value using various valuation techniques. IFRS 13 specifies a fair value hierarchy based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, whereas unobservable inputs reflect the Issuer's market assumptions.

Impairment of financial assets: the use of estimates and judgements are an important component of the calculation of impairment losses. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual losses. Unforeseen events could, however, cause further impairment losses, which would have a material effect on the income statement and statement of financial position.

Impairment of intangible assets: the carrying amount of intangible assets are reviewed annually to determine whether there are indications of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

Deferred tax assets: judgement is required to determine the extent to which deferred tax assets are recognised in the statement of financial position, based on the likely timing and level of future taxable profits.

Any changes to the accounting principles or large deviations from the estimates and/or assumptions made in the preparation of the Issuer's financial statements could result in an adverse effect on the amounts recognised in the statement of financial position or the income statement and create future losses and adversely affect the Issuer's business.

Poor decisions and execution of projects have a negative impact on the Issuer's business and financial position

Business risk is defined as the risk of financial loss caused by changes in the Issuer's economic environment or caused by certain events that may reduce the expected earnings of the Issuer. Strategy risk is defined as the risk of the Issuer's expected earnings and capital ratio deteriorating due to changes in the Issuer's business environment or due to unfavourable business decisions, late and unwise decision making or lack of response time. The Issuer's organisational structure is flat and its management body emphasises short channels of communication, clear allocation of responsibilities and de-centralised decision making. Furthermore, two of the Issuer's key business lines are operated through subsidiaries, whose own boards of directors are independent to the Group and operate each entity according to a shareholder policy set by the Issuer. Failure to manage business risk and strategy risk could have a negative impact on the Issuer's business or financial position. Failure to act on opportunities, unwise decision-making, or otherwise failing to set and/or implement a successful business strategy could have an adverse effect on the Issuer's business, prospects, financial position and its ability to make payments in respect of the Notes and to the Issuer's creditors.

The Issuer's insurance coverage might not cover all losses

The Issuer has insurance policies in place which are considered appropriate and relevant with respect to the Issuer's operations. More specifically, the Issuer has a combined comprehensive crime and professional indemnity insurance policy, as well as a directors' and officers' liability insurance policy. Despite these insurance policies which the Issuer has in place and due to the nature of the Issuer's operations, there is no guarantee that all claims that might be lodged against the Issuer at any time would be covered, which could have a material effect on the Issuer's operations and financial conditions and therefore its ability to make payments in respect of the Notes and to the Issuer's creditors.

Risks Relating to Capital and other Regulatory Requirements of the Issuer

Changes regarding required capital may have an adverse effect on the Issuer

In 2013, the European Parliament and the European Council adopted a legislative package (**CRD IV**) for the implementation of the Basel III framework in the EU. The CRD IV package has been incorporated into the Agreement on the European Economic Area (the **EEA Agreement**) and implementation in Iceland has now been completed. The Issuer's capital ratios are calculated in accordance with the Act on Financial Undertakings which implements the CRD IV package. Accordingly, the Issuer uses the standardised approach to calculate capital requirements for credit risk, market risk and operational risk. Any failure by the Issuer to maintain any increased regulatory capital requirements or to comply with any other requirements introduced by regulators could result in intervention by regulators or the imposition of sanctions, which could have a material adverse effect on the Issuer's business, prospects, financial position and/or results of operations, and its ability to make payments in respect of the Notes, and could have other effects on the Issuer's financial performance, both with or without the intervention by regulators or the imposition of sanctions, and could also require raising additional capital.

Legal and Regulatory Risk

Frequent changes in tax legislation pose a general risk to entities operating in Iceland and any changes in tax legislation can affect the financial results of the Issuer

In addition to the general risk, there is an additional tax risk regarding financial institutions, as there are taxes levied specifically on financial undertakings in Iceland in accordance with Act no. 90/2003 on Income Tax and Act no. 155/2010 on Special Tax on Financial Institutions.

Pursuant to the Value Added Tax Act no. 50/1988, with subsequent amendments (**Value Added Tax Act**), the services of banks, saving banks and other credit institutions, as well as stock-brokerage firms, are exempt from value added tax (**VAT**). However, in the VAT environment of financial undertakings, there has been some uncertainty regarding the handling of VAT on the sale of goods and services, as under the interpretation of the Icelandic tax authorities, according to the Act on Financial Undertakings, the exemption only applies to services banks or credit institutions. Services provided by banks and credit institutions could be deemed, by the tax authorities, not to fall under the Act on Financial Undertakings as there is room for interpretation.

Although the Issuer believes its collection and handling of VAT for services provided is within the scope of the Value Added Tax Act, there is no guarantee that the Icelandic tax authorities will not conclude otherwise. If that were to happen, the Issuer could be retroactively liable for six years' unpaid tax, plus penalties and interest.

There is an additional risk regarding the competitive effects of banks or credit institutions starting to claim VAT on any services provided, resulting in a competitive advantage or disadvantage with different treatment of VAT and possible material adverse effects for those claiming such VAT.

Regulatory, compliance and legal risks are inherent in the Issuer's business

As a financial institution, the Issuer must comply with a comprehensive set of laws and regulations which are extensive and complex. The legal and regulatory environment of the Issuer is constantly subject to change and changes often with a short period of notice and consultation. The Issuer puts substantial resources and man-power into monitoring and implementing these changes to ensure full compliance. The regulatory and compliance risk faced by the Issuer and its subsidiaries arise not only from regulation within Iceland or specific to financial services firms, but also from other, more broadly applicable regulations and from risks relating to the ability of regulatory agencies and Icelandic authorities to adopt, implement and administer applicable regulations and to supervise Icelandic banks, including the Issuer. Regulatory agencies have broad administrative powers over many aspects of the Issuer's business which may include liquidity, capital adequacy and permitted investments, investor protection, ethical issues, money laundering, privacy, record keeping, and marketing and selling practices. Banking and financial services laws, regulations and policies currently governing the Issuer and its subsidiaries may change at any time in ways which have a material effect on the Issuer's business. This includes any changes in interpretation of such laws and regulations by regulatory agencies.

Furthermore, the Issuer cannot predict the timing or form of any future regulatory initiatives. Changes in existing banking and financial services laws and regulations may materially affect the way in which the Issuer conducts its business, the products or services it may offer and the value of its assets. If it fails to address, or appears to fail to address, despite its best efforts, and whether intentionally or unintentionally, appropriately these changes or initiatives, its reputation could be harmed and it could be subject to additional legal risk, which could, in turn, increase the size and number of claims and damages asserted against it, or subject it to enforcement actions, fines and penalties. In addition, existing laws could change, and new laws or regulations could be adopted in ways unfavourable to the Issuer's operations, which could adversely affect the way the Issuer operates its business and its market reputation. Regulatory agencies have the power to bring administrative or judicial proceedings against the Issuer, which could result, among other things, in suspension or revocation of its licenses, cease and desist orders, fines, civil penalties, criminal penalties or other disciplinary action which could materially harm its results of operations and financial condition.

Regulatory risks relate not only to regulation within Iceland, but also from the ability of Iceland, as a contracting party to the EEA Agreement, to adopt, implement and administer new European directives and regulations into national Icelandic rules and regulations. See further the section entitled "*Iceland's national implementation of EEA rules may be inadequate in certain circumstance*". This may include late implementation into national Icelandic rules and regulations, and the imposition of more stringent requirements, if applicable, for example with respect to capital requirements.

There can be no assurance that the Icelandic government will not enact new regulations which could have an adverse effect on the Issuer's business, prospects, financial positions, its ability to make payments in respect of the Notes and the Issuer's creditors.

The Issuer must comply with anti-money laundering and anti-bribery regulations, and the violation of such regulations may have severe consequences

The Issuer is subject to laws regarding money laundering and the financing of terrorism, as well as laws that prohibit the Issuer or its employees or intermediaries from making improper payments or offers of payment to foreign governments and their officials and political parties for the purpose of obtaining or retaining business.

Compliance with anti-money laundering and anti-bribery regulations can place a significant financial burden on banks and other financial institutions and requires significant technical capabilities and resources. The Fourth Money Laundering Directive (2015/849/EU) has been implemented with Act No. 140/2018. However, the Issuer cannot predict the nature, scope or effect of future regulatory requirements to which it might be subject, or the manner in which existing laws might be administered or interpreted. Although the Issuer believes that its current policies and procedures are sufficient to comply with applicable anti-money laundering, anti-bribery and sanctions rules and regulations, it cannot guarantee that such policies completely prevent situations of money laundering or bribery, including actions by the Issuer's employees, for which the Issuer might be held responsible. Any such events may have severe consequences, including sanctions, fines and reputational consequences, which could have a material adverse effect on the Issuer's business, prospects, financial position and/or results of operations, and its ability to make payments in respect of the Notes.

Iceland's national implementation of EEA rules may be inadequate in certain circumstances

Iceland is a contracting party to the EEA Agreement and is therefore obligated to implement into national law the EU instruments which have been incorporated into the EEA Agreement, including legislation relating to financial markets. Where implementation of such instruments into Icelandic law is inadequate, (for example, where Iceland fails to adapt national law to conform to EEA rules) citizens may be unable to rely on these instruments and the Icelandic courts may be barred from applying them, unless Icelandic legislation is able to be interpreted in accordance with the EEA rules. Moreover, delays in incorporation of EU instruments into the EEA Agreement may create regulatory divergence in the EEA. As a result, the Noteholders in some circumstances may experience different legal protections than they would expect as holders of securities issued by banks in EU member states where EU instruments are directly applicable, or where the EU instruments have been adequately implemented into national legislation. Complying with regulation that is in continual change can be resource-intensive and exposes the Issuer to risks of non-compliance, which could have a material adverse effect on the Issuer's business, prospects, financial position and/or results of operations and its ability to make payments in respect of the Notes.

Judgments entered against Icelandic entities in the courts of a state which is not a party to the Lugano Convention (including, as at the date of this Base Prospectus, the UK) may not be recognised or enforceable in Iceland

A judgment entered against a company incorporated in Iceland in the courts of a state which is not a party to the Convention on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters made in Lugano on 30 October 2007 (the **Lugano Convention**) (a **Contracting State**), would not be recognised or enforceable in Iceland as a matter of law without a retrial on its merits. However, the judgment will be of persuasive authority as a matter of evidence before the courts of Iceland. As at the date of this Base Prospectus, the UK and Iceland are not bound by any agreement, treaty or other instrument on mutual recognition and enforcement of judgments applicable in relation to the Notes.

As a result, a final judgment in civil or commercial matters relating to the Notes obtained in the courts of England against the Issuer, will, in principle, neither be recognised nor enforceable in Iceland. However, if a Noteholder brings a new action in a competent court in Iceland, the final judgment rendered in an English court may be submitted to the Icelandic court, but will only be regarded as evidence of the outcome of the dispute to which it relates, and the Icelandic court has full discretion to rehear the dispute, ab initio. Any retrial on a judgment's merits could therefore significantly delay or prevent the enforcement by Noteholders of the Issuer's obligations under the Notes.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH THE NOTES ISSUED UNDER THE PROGRAMME

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain of such features:

There are particular risks associated with an investment in Inflation Linked Notes and Inflation Linked Amortising Notes. In particular, an investor might receive less interest than expected or no interest in respect of such Notes and may lose some or all of the principal amount invested by it

Subject to any applicable legal or regulatory restrictions being lifted, the Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, or to movements in currency exchange rates (each, a **Relevant Factor**). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

(a) the market price of such Notes may be volatile;

(b) they may receive no interest;

(c) payment of principal or interest may occur at a different time or in a different currency than expected;

(d) they may lose all or a substantial portion of their principal;

(e) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

(f) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and

(g) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index or other Relevant Factor should not be viewed as an indication of the future performance of such index or other Relevant Factor during the term of any Notes.

Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Notes linked to a Relevant Factor and the suitability of such Notes in light of its particular circumstances.

The claims of holders of Senior Preferred Notes and Senior Non-Preferred Notes will be subordinated to claims of the Issuer's depositors in the event of a winding-up

In Iceland, Article 102 of the Act on Financial Undertakings provides that, should a financial institution holding bank deposits, such as the Issuer, enter into winding-up proceedings pursuant to Article 101 of the Act on Financial Undertakings, the claims of holders of senior unsecured unsubordinated debt will be subordinated to the claims of all of the Issuer's depositors. Moreover, Act No. 38/2021, amending Act No. 70/2020 on Recovery and Resolution of Credit Institutions and Investment Firms, and passed by the Icelandic Parliament on 4 May 2021 (the **Hierarchy of Claims Act**) amends the Act on Financial Undertakings and introduces a new Article 85(a) to Act No. 70/2020 on Recovery and Resolution of Credit Institutions and Investment Firms which provides in part that, in a winding-up: (a) claims of certain types of the Issuer's depositors will have priority over other kinds of bank deposits (i.e. the inner ranking within deposits will change), but (b) all types of bank deposits will, as a group, rank higher than the claims of the Issuer's senior unsecured unsubordinated debt obligations.

Accordingly, under Icelandic law, the claims of holders of senior unsecured debt (which would include Senior Preferred Notes as well as Senior Non-Preferred Notes) are subordinated to the claims of all of the Issuer's depositors in a winding-up of the Issuer. If a winding-up of the Issuer were to occur, there may not be sufficient assets in the resulting estate to pay the claims of such Noteholders after the claims of depositors have been paid.

Any such general depositor preference could also impact any application of the general bail-in tool (as defined below), as such application is to be carried out in the order of the hierarchy of claims in normal insolvency proceedings. Accordingly, any resulting write-down or conversion of the Senior Preferred Notes or the Senior Non-Preferred Notes, as the case may be, by the Relevant Resolution Authority (as defined in Condition 17) would be carried out before any write-down or conversion of the claims of depositors such as those of large corporates that previously would have been written-down or converted alongside the Senior Preferred Notes or the Senior Non-Preferred Notes, as the case may be. By removing the requirement for such deposits to be written-down or converted in this manner, this may reduce the likelihood of deposits generally needing to be included in any such write-down or conversion upon any application of the general bail-in tool. This may have the corresponding impact of increasing the likelihood of any write-down or conversion of the Senior Preferred Notes or the Senior Non-Preferred Notes, as the case may be.

The Issuer's obligations under Subordinated Notes are subordinated. An investor in Subordinated Notes assumes an enhanced risk of loss in the event of the Issuer's insolvency

The Issuer's obligations under Subordinated Notes will be unsecured and subordinated.

On a liquidation, dissolution or winding-up of, or analogous proceedings over the Issuer by way of exercise of public authority (referred to herein as a **winding-up of the Issuer**), all claims in respect of the Subordinated Notes shall, subject to mandatory provisions of Icelandic law including but not limited to any Icelandic implementation of Article 48(7) of the BRRD, rank *pari passu* without any preference among themselves, at least *pari passu* with present or future claims in respect of Parity Securities (as defined in Condition 3.5), in priority to any present or future claims in respect of Junior Securities (as defined in Condition 3.5) and junior to any present or future claims in respect of Senior Creditors (as defined in Condition 3.5). If, on a winding-up of the Issuer, the assets of the Issuer are insufficient to enable the Issuer to repay the claims of the Senior Creditors in full, the Noteholders will lose their entire investment in the Subordinated Notes. If there are sufficient assets to enable the Issuer to pay the claims of Senior Creditors in full but insufficient assets to enable it to pay claims in respect of its obligations in respect of the Subordinated Notes and all other claims of Parity Securities, Noteholders will lose some (which may be substantially all) of their investment in the Subordinated Notes.

There is no restriction on the amount of securities or other liabilities that the Issuer may issue, incur or guarantee and which rank senior to, or *pari passu* with, the Subordinated Notes. The issue or guaranteeing of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Noteholders during a winding-up of the Issuer and may limit the Issuer's ability to meet its obligations under the Subordinated Notes.

Although Subordinated Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a significant risk that an investor in such Notes will lose all or some of his or her investment should a winding-up of the Issuer occur.

The Senior Non-Preferred Notes and the Issuer's obligations under Senior Non-Preferred Notes rank junior to the Issuer's unsubordinated creditors

The Hierarchy of Claims Act introduced a class of "senior non-preferred notes" that meet specified criteria, which class will, upon a credit institution's bankruptcy, rank junior to its senior unsubordinated debt obligations and rank senior to its subordinated notes as well as regulatory capital and common shares. As further set out in Condition 3.2, the Issuer intends that its Senior Non-Preferred Notes will constitute part of this lower-ranking (un-preferred) 'senior' unsecured class, that will rank below its Senior Preferred Notes but ahead of the Subordinated Notes.

The Issuer's obligations under the Senior Non-Preferred Notes are direct, unconditional and unsecured obligations of the Issuer.

On a winding-up of the Issuer, all claims in respect of the Senior Non-Preferred Notes will rank *pari passu* without any preference among themselves, *pari passu* with all other Senior Non-Preferred Liabilities of the Issuer (as defined in Condition 3.5), senior to holders of all classes of share capital of the Issuer and any subordinated obligations or other securities of the Issuer which rank, or are expressed to rank, junior to the Senior Non-Preferred Liabilities of the Issuer (including, without limitation, any Subordinated Notes) and will rank junior to present or future claims of (a) depositors of the Issuer and (b) other unsubordinated creditors of the Issuer that are not creditors in respect of Senior Non-Preferred Liabilities 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 the unsubordinated creditors in full, the Noteholders will lose their entire investment in the Senior Non-Preferred Notes. If there are sufficient assets to enable the Issuer to pay the claims of unsubordinated creditors in full but insufficient assets to enable it to pay claims in respect of its obligations in respect of the Senior Non-Preferred Notes or all other claims that rank *pari passu* with the Senior Non-Preferred Notes, holders of Senior Non-Preferred Notes will lose some (which may be substantially all) of their investment in the Senior Non-Preferred Notes.

Whilst Senior Non-Preferred Notes and Senior Preferred Notes both share the 'senior' designation under the programme, in an insolvency of the Issuer the Senior Non-Preferred Notes will rank junior to the Senior Preferred Notes (which, in turn, rank junior to obligations of the Issuer which are by law given priority over the Senior Preferred Notes, such as bank deposits) and other unsecured and unsubordinated liabilities.

Moreover, there is no restriction on the amount of securities or other liabilities that the Issuer may issue, incur or guarantee and which rank senior to, or *pari passu* with, the Senior Non-Preferred Notes. The issue or guaranteeing of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by holders of Senior Non-Preferred Notes during a winding-up of the Issuer and may limit the Issuer's ability to meet its obligations under the Senior Non-Preferred Notes.

Although Senior Non-Preferred Notes may pay a higher rate of interest than comparable Notes which benefit from a preferential ranking, there is a significant risk that an investor in such Senior Non-Preferred Notes will lose all or some of his or her investment should a winding-up of the Issuer occur.

There are limited enforcement events in relation to the Notes

Each Series of Notes will contain limited enforcement events relating to:

(a) non-payment by the Issuer of any amounts due under the relevant Series of Notes. In such circumstances, as described in more detail in Condition 9, a Noteholder may institute proceedings in Iceland in order to recover the amounts due from the Issuer to such Noteholder; and

(b) the liquidation or bankruptcy of the Issuer. In such circumstances, as described in more detail in Condition 9, the relevant Series of Notes will become due and payable at their outstanding principal amount, together with accrued interest thereon.

A Noteholder may not itself file for the liquidation or bankruptcy of the Issuer. As such, the remedies available to holders of the Notes are limited, which may make it more difficult for Noteholders to take enforcement action against the Issuer.

Call options are subject to the prior consent of the Relevant Regulator (if such consent is required)

The Notes may also contain provisions allowing the Issuer to call them. To exercise such a call option, the Issuer must obtain prior written consent of the Relevant Regulator (as defined in the Terms and Conditions of the Notes), if and to the extent then required by the Relevant Regulator.

Holders of the Notes have no rights to call for the redemption of the Notes and should not invest in such Notes in the expectation that such a call will be exercised by the Issuer. The Relevant Regulator must agree to permit such a call, based upon its evaluation of the regulatory capital position of the Issuer and certain other facts at the relevant time. There can be no assurance that the Relevant Regulator will permit such a call. Holders of the Notes should be aware that they may be required to bear the financial risks of an investment in the Notes for a period of time in excess of the minimum period. See also "*If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return*" above.

In certain circumstances, the Issuer can substitute or vary the terms of the Notes

Where the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement specify that Condition 6.11 (in the case of Subordinated Notes) or Condition 6.12 (in any case) applies, if at any time a Capital Event (in the case of Subordinated Notes), an MREL Disqualification Event (in any case) or a Tax Event (in any case) occurs, or to ensure the effectiveness or enforceability of Condition 17, the Issuer may, subject to obtaining the prior written consent of the Relevant Regulator (if such consent is required), but without the requirement for the consent or approval of the Noteholders, either substitute all, but not some only, of the relevant Notes for, or vary the terms of the relevant Notes (including changing the governing law of Condition 17 from English law to Icelandic law), as the case may be, so that they remain or, as appropriate, become, in the case of Subordinated Notes, Subordinated Qualifying Securities (as defined in Condition 6.11), in the case of Senior Non-Preferred Notes, Senior Non-Preferred Qualifying Securities (as defined in Condition 6.12) or, in the case of Senior Preferred Notes, Senior Preferred Qualifying Securities (as defined in Condition 6.12), as the case may be, as further provided in Condition 6.11 and Condition 6.12 (as applicable). The terms and conditions of such substituted or varied Senior Preferred Notes, Senior Non-Preferred Notes or Subordinated Notes, as the case may be, may have terms and conditions that contain one or more provisions that are substantially different from the terms and conditions of the original Senior Preferred Notes, Senior Non-Preferred Notes or Subordinated Notes, as the case may be, provided that the relevant Senior Preferred Notes, the relevant Senior Non-Preferred Notes or the relevant Subordinated Notes remain or, as appropriate, become, in the case of Senior Preferred Notes, Senior Preferred Qualifying Securities, in the case of Senior Non-Preferred Notes, Senior Non-Preferred Qualifying Securities or, in the case of Subordinated Notes, Subordinated Qualifying Securities, as the case may be, in accordance with the Terms and Conditions of the Notes. While the Issuer cannot make changes to the terms of the Notes that, in its reasonable opinion, are materially less favourable to the holders of the relevant Senior Preferred Notes, Senior Non-Preferred Notes or Subordinated Notes, as the case may be, as a class, the governing law of Condition 17 may be changed from English law to Icelandic law in order to ensure the effectiveness and enforceability of such condition. 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 Senior Preferred Notes, Senior Non-Preferred Notes or Subordinated Notes, as the case may be, could be different for some categories of Noteholders from the tax and stamp duty consequences for them of holding the Senior Preferred Notes, Senior Non-Preferred Notes or Subordinated Notes, as the case may be, prior to such substitution or variation.

If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return

At any time upon the occurrence of a Tax Event pursuant to Condition 6.2, a Capital Event pursuant to Condition 6.3 (in the case of Subordinated Notes, to the extent specified as applicable in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement), an MREL Disqualification Event pursuant to Condition 6.4 (to the extent specified as applicable in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement), on an Optional Redemption Date pursuant to Condition 6.5 or on a Clean-up Redemption Date pursuant to Condition 6.6, the Notes may be redeemed (if applicable) at the option of the Issuer at their principal amount, as more particularly described in the Terms and Conditions of the Notes. Such an optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem the relevant Notes, or during any period when Noteholders perceive that the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. In particular, with respect to the Clean-up Redemption Option by the Issuer pursuant to Condition 6.6, there is no obligation under such Condition 6.6 nor under any of the Terms and Conditions of the Notes for the Issuer to inform Noteholders if and when the threshold of 75 per cent. or any higher percentage specified in the applicable Final Terms or (in the case of Exempt Notes) the Pricing Supplement of the initial aggregate principal amount of a particular Series of Notes has been redeemed or purchased by, or on behalf of, the Issuer or any of its subsidiaries is reached, or is about to be reached, and the Issuer's right to redeem will exist notwithstanding that, immediately prior to the serving of a notice in respect of the exercise of the Clean-up Redemption Option, the Notes may have been trading significantly above par, thus potentially resulting in a loss of capital invested.

The Issuer may elect to exercise its option to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

If the Notes included a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned

Fixed/Floating Rate Notes are Notes which may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest rate may affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates compared to prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility compared to more conventional interest-bearing securities with comparable maturities. Any such price volatility may have an adverse effect on the market value of any Notes issued at a substantial discount or premium to their principal amount.

The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be "benchmarks" (such as, in the case of Floating Rate Notes, a Reference Rate, or, in the case of Reset Notes, a Mid-Swap Floating Leg Benchmark Rate), 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 any Notes linked to or referencing such a "benchmark".

The Benchmarks Regulation applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. The Benchmarks Regulation and the Commission Implementing Regulation (EU) 2021/1847 have been implemented into Icelandic law by Act No. 7/2021 on financial benchmarks and Act No. 55/2021 on indexation and information to investors. Among other things, the Benchmarks Regulation (i) requires 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) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). Regulation (EU) 2016/1011 as it forms part of UK domestic law by virtue of the EUWA (the **UK Benchmarks Regulation**) among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to or referencing a benchmark, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the national or international reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the following effects on certain benchmarks: (i) discourage market participants from continuing to administer or contribute to the benchmark; (ii) trigger changes in the rules or methodologies used in the benchmark or (iii) lead to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of national or international reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent, in whole or in part, upon a benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation and/ or UK Benchmarks Regulation, as applicable, any of the international or national reforms in making any investment decision with respect to any Notes linked to or referencing a benchmark.

Future discontinuance of certain benchmark rates (for example EURIBOR) may adversely affect the value of Floating Rate Notes and/or Reset Notes which are linked to or which reference any such benchmark rate

Investors should be aware that, if a benchmark rate were discontinued or otherwise unavailable, the rate of interest on Reset Notes and Floating Rate Notes which are linked to or which reference such benchmark rate will be determined for the relevant period by the fallback provisions applicable to such Notes. The Terms and Conditions of the Notes provide for certain fallback arrangements in the event that a published benchmark, including an interbank offered rate such as EURIBOR or other relevant reference rate, (including any page on which such benchmark may be published (or any successor service)) becomes unavailable or if another Benchmark Event (as defined in the Terms and Conditions of the Notes and including, for example, if the Original Reference Rate has ceased to be published or if there is a public statement by the supervisor of the administrator of the Original Reference Rate announcing that the Original Reference Rate is no longer representative or may no longer be used) otherwise occurs.

If the circumstances described in the preceding paragraph occur and (i) in the case of Floating Rate Notes, Reference Rate Replacement is specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement as being applicable or (ii) in the case of Reset Notes, Mid-Swap Rate is specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement as being the relevant Reset Reference Rate and Reference Rate Replacement is also specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement as being applicable (any such Notes, **Relevant Notes**), such fallback arrangements will include the possibility that:

(a) the relevant rate of interest (or, as applicable, component thereof) could be set or, as the case may be, determined by reference to a Successor Reference Rate or an Alternative Reference Rate (as applicable) determined by the Issuer, following consultation with an Independent Adviser and acting in good faith and in a commercially reasonable manner; and

(b) such Successor Reference Rate or Alternative Reference Rate (as applicable) may be adjusted (if required) by the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant Original Reference Rate with the relevant Successor Reference Rate or Alternative Reference Rate (as applicable),

in any such case, acting in good faith and in a commercially reasonable manner as described more fully in the Terms and Conditions of the Relevant Notes.

The use of a Successor Reference Rate or an Alternative Reference Rate may result in interest payments that are substantially lower than or that do not otherwise correlate over time with the payments that could have been made on the Relevant Notes if the Original Reference Rate remained available in its current form. In particular, if a Benchmark Event occurs as a result of a public statement that the relevant Original Reference Rate is no longer representative, the relevant rate of interest on the Relevant Notes may therefore cease to be determined by reference to that Original Reference Rate, and instead be determined by reference to a Successor Reference Rate or Alternative Reference Rate, even if the Original Reference Rate continues to be published.

Such Successor Reference Rate or Alternative Reference Rate may be lower than the Original Reference Rate for so long as that Original Reference Rate continues to be published, and the value of and return on the Relevant Notes may be adversely affected. The application of an Adjustment Spread, as described in the Terms and Conditions of the Relevant Notes, may result in the Relevant Notes performing differently (which may include payment of a lower interest rate) than they would do if the Original Reference Rate were to continue to apply in its current form.

In addition, in the case of Relevant Notes, the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner may also determine that other amendments to the Terms and Conditions of the Relevant Notes are necessary in order to follow market practice in relation to the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) and to ensure the proper operation of the relevant Successor Reference Rate or Alternative Reference Rate (as applicable).

No consent of the Noteholders shall be required in connection with effecting any relevant Successor Reference Rate or Alternative Reference Rate (as applicable) or any other related adjustments and/or amendments described above.

In certain circumstances, the ultimate fallback for determining the rate of interest for a particular Interest Period or Reset Period (as applicable) may result in the rate of interest for the last preceding Interest Period or Reset Period (as applicable) being used. This may result in the effective application of a fixed rate for Floating Rate Notes or Reset Notes (as applicable) based on the rate which was last observed on the Relevant Screen Page for the purposes of determining the rate of interest in respect of an Interest Period or a Reset Period (as applicable). In addition, in the case of Relevant Notes, due to the uncertainty concerning the availability of Successor Reference Rates and Alternative Reference Rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Notes or Reset Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes or Reset Notes. Investors should note that, in the case of Relevant Notes, the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, will have discretion to adjust the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) in the circumstances described above. Any such adjustment could have unexpected commercial consequences and there can be no assurance that, due to the particular circumstances of each Noteholder, any such adjustment will be favourable to each Noteholder.

In addition, in the case of Relevant Notes, potential investors should also note that no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Relevant Notes will 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 Relevant Notes: (i) where the Relevant Notes are Senior Preferred Notes (if applicable) or Senior Non-Preferred Notes, as MREL Eligible Liabilities or result in the Relevant Regulator treating the next Interest Payment Date as the effective maturity of the Relevant Notes, rather than the relevant Maturity Date; or (ii) where the Relevant Notes are Subordinated Notes, as Tier 2 Capital of the Issuer and/or (if applicable) MREL

Eligible Liabilities or result in the Relevant Regulator treating the next Interest Payment Date as the effective maturity of the Relevant Notes, rather than the relevant Maturity Date. In all such circumstances, the ultimate fallback for determining the rate of interest (which is described above) will apply.

Investors should consider all of these matters when making their investment decision with respect to the relevant Floating Rate Notes or Reset Notes.

Notes issued with a specific use of net proceeds, such as "Green Financing Instruments", may not be suitable for the investment criteria of an investor

As described in the section "*Use of Proceeds*" of this Base Prospectus, the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement in relation to a particular Tranche of Notes (any such Notes, Green Financing Instruments) may provide that it will be the Issuer's intention to apply an amount equal to the net proceeds of the issue of such Green Financing Instruments to finance or refinance, in whole or in part, the Issuer's investments in Eligible Assets, as further described in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement and the Green Funding Framework. The use of such amount equal to the net proceeds may not satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates (in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, the relevant Eligible Assets as further described in the Green Funding Framework). Prospective investors should have regard to the information set out in this Base Prospectus, the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement and the Green Funding Framework regarding such use of proceeds and consult with their legal and other advisers before making an investment in any such Green Financing Instruments and must determine for themselves the relevance of such information for the purpose of any investment in such Green Financing Instruments together with any other investigation such investor deems necessary.

The Green Funding Framework is not, nor shall it be deemed to be, incorporated in and/or form part of this Base Prospectus. The Green Funding Framework may be amended at any time without the consent of Noteholders and none of the Issuer, the Arranger or the Dealers assumes any obligation or responsibility to release any update or revision to the Green Funding Framework and/or information to reflect events or circumstances after the date of publication of the Green Funding Framework.

Furthermore, it should be noted that there is currently no clear definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green", "blue" or "social" or equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "green", "blue" or "social" or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time. A basis for the determination of such a definition has been established in the EU with the publication in the Official Journal of the EU on 22 June 2020 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 (the **EU Taxonomy Regulation**) on the establishment of a framework to facilitate sustainable investment (the **EU Taxonomy**). On 21 April 2021, the European Commission approved the first delegated act and the delegated regulation supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council (the **EU Taxonomy Climate Delegated Act**) was formally adopted on 4 June 2021 and applied from 1 January 2022. The EU Taxonomy Climate Delegated Act is aimed at supporting sustainable investment by making it clear which economic activities most contribute to the EU's environmental objectives. The EU Taxonomy Climate Delegated Act sets out criteria for economic activities in the sectors that are most relevant for achieving climate neutrality and delivering on climate change adaptation. This includes sectors such as energy, forestry, manufacturing, transport and buildings. On 27 June 2023, the European Commission formally adopted the second delegated regulation supplementing the Sustainable Finance Taxonomy Regulation (the **EU Taxonomy Environmental Delegated Act**). The EU Taxonomy Environmental Delegated Act was formally adopted on 21 November 2023 and applied from 1 January 2024. The EU Taxonomy Environmental Delegated Act sets out criteria for economic activities making a substantial contribution to one or more of the non-climate environmental objectives. On 28 June 2024, the European Commission formally adopted the third delegated regulation supplementing the Sustainable Finance Taxonomy Regulation (the **EU Taxonomy Technical Screening Criteria**). The EU Taxonomy Technical Screening Criteria determine the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and also determine whether that economic activity causes no significant harm to any of the other environmental objectives.

While the EU Taxonomy was taken into account when preparing the Green Funding Framework, the EU Taxonomy Technical Screening Criteria were not available at the time of preparing the Green Funding Framework. Accordingly, alignment with the EU Taxonomy, is not certain. Accordingly, no assurance is or can be given by the Issuer, the Arranger or the Dealers that the eligibility criteria for Eligible Assets will satisfy any requisite criteria determined under the EU Taxonomy Regulation or within the EU Taxonomy at any time, or that any regime implemented in the United Kingdom (if any) for issuing 'green', 'environmental', 'sustainable' or other equivalently-labelled securities will align with the European (or any other) framework for such securities. The Dealers have not and will not be reviewing the Issuer's Green Funding Framework.

Regulation (EU) 2023/2631 of the European Parliament and of the Council (the **EU Green Bond Regulation**) has been published in the Official Journal of the EU and came into effect on 21 December 2024. The EU Green Bond Regulation established a European Green Bond Standard, which is a voluntary label for issuers of green use of proceeds bonds (such as any Green Financing Instruments that may be issued under the Programme) where the proceeds will be invested in economic activities aligned with the EU Taxonomy Regulation. Any Green Financing Instruments issued under the Programme will not be aligned with the EU Green Bond Regulation and are intended to comply with the criteria and processes set out in the Green Funding Framework only. It is not clear at this stage the impact which the EU Green Bond Regulation may have on investor demand or, and pricing of, green use of proceeds bonds (such as any Green Financing Instruments which may be issued under the Programme) that do not meet such standard. It could reduce demand and liquidity for Green Financing Instruments and their price.

In addition, the requirements of any such definition may evolve from time to time, and, as such, the use of the proceeds of Green Financing Instruments may not meet any or all Noteholders expectations regarding such "green", "blue" or "social" or other equivalently-labelled performance objectives or any investment criteria or guidelines with which an investor or its investments are required to comply, whether by any present or future applicable law, regulations or standards (including the EU Taxonomy) or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any of the Eligible Assets funded with an amount at least equivalent to the net proceeds from Green Financing Instruments or that the Green Funding Framework will be aligned with the EU Taxonomy or any other applicable laws, regulations or standards.

Accordingly, no assurance is or can be given by the Issuer, the Arranger, any Dealer or any other person to investors that any projects or uses the subject of, or related to, any Eligible Assets will meet any or all investor expectations regarding such "green" or other equivalently-labelled performance objectives or that any adverse environmental and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Eligible Assets. In addition, no assurance can be given by the Issuer, the Arranger, any Dealer or any other person to investors that any Green Financing Instruments will comply with any future standards or requirements regarding any "green" or other equivalently-labelled performance objectives and, accordingly, the status of any Green Financing Instruments as being "green" (or equivalent) could be withdrawn at any time.

Any opinion or certification by a third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of any Green Financing Instruments and in particular with any project to fulfil any environmental, and/or other criteria may not be suitable for Noteholders' purposes. For the avoidance of doubt, any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer, the Dealers or any other person to buy, sell or hold any such Green Financing Instruments. Prospective investors must determine for themselves the relevance of any such opinion, report or certification and/or the information contained therein and/or the provider of such opinion, report or certification for the purpose of any investment in the Green Financing Instruments. Currently, the providers of such opinions, reports and certifications are not subject to any specific regulatory or other regime or oversight. Investors in Green Financing Instruments shall have no recourse against the Issuer, the Arranger, the Dealers or the provider of any such opinion, report or certification for the contents of any such opinion, report or certification. Any such opinion or certification is only current as of the date that opinion was issued.

In the event that any such Green Financing Instruments are listed or admitted to trading on any dedicated "green", "environmental", "sustainable" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer, the Dealers or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Assets. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer, the Dealers or any other person that any such listing or admission to trading will be obtained in respect of any such Green Financing Instruments or, if obtained, that any such listing or admission to trading will be maintained during the life of the Green Financing Instruments.

Whilst it is the intention of the Issuer to apply an amount equal to the net proceeds of the Green Financing Instruments in, or substantially in, the manner described in the Green Funding Framework, there can be no assurance that the relevant project(s) or use(s) the subject of, or related to, any Eligible Assets will be capable of being implemented in or substantially in such manner and/or in accordance with any timing schedule and accordingly such proceeds may not be totally or partially disbursed for such projects. Nor can there be any assurance that any projects relating to Eligible Assets will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer. None of the Dealers will assess, verify or monitor the application of the amount equal to the net proceeds of any such Green Financing Instruments issued under the Programme or will verify or monitor any of the commitments set out in the Green Funding Framework. For the avoidance of doubt, neither the proceeds of any Green Financing Instruments nor any amount equal to such proceeds will be segregated by the Issuer from its capital and other assets, and there will be no direct or contractual link between any Green Financing Instruments and any Eligible Assets (or any other environmental or similar targets set by the Issuer) and consequently neither payments of principal and interest (as the case may be) on, nor an investor's right to accelerate repayment of, the Green Financing Instruments shall depend on the performance of the relevant Eligible Assets or the performance of the Issuer in respect of any such environmental or similar targets.

Any such event or failure by the Issuer to apply an amount equal to the net proceeds of any issue of Green Financing Instruments and/or withdrawal of any such opinion or certification or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on or failure to obtain and publish any such reports, assessments, opinions and certifications and/or any Green Financing Instruments no longer being listed or admitted to trading or displayed on any stock exchange or securities market as aforesaid, and/or the fact that the maturity of an Eligible Asset may not match the minimum duration of any Green Financing Instruments and/or the failure by the Issuer to meet any other environmental or sustainability targets, will not (i) give rise to any claim of a Noteholder against the Issuer (or the Arranger or any Dealer); (ii) constitute an Enforcement Event under the Green Financing Instruments or breach or violate any term thereof, or constitute a default of the Issuer for any purpose; (iii) lead to an obligation or right of the Issuer to redeem such Green Financing Instruments or be a relevant factor for the Issuer in determining whether or not to exercise any optional redemption rights in respect of any Green Financing Instruments or give any Noteholder the right to require redemption of the Green Financing Instruments; (iv) in the case of Subordinated Notes that are Green Financing Instruments, affect the qualification of such Notes as Tier 2 Capital and/or (if applicable) MREL Eligible Liabilities or, in the case of Senior Preferred Notes or Senior Non-Preferred Notes that are Green Financing Instruments, affect the qualification of such Notes as MREL Eligible Liabilities, as applicable; otherwise affect or impede the ability of the Issuer to apply the proceeds of such Green Financing Instruments to cover losses in any part of the Group; or (vi) result in any step-up or increased payments of interest, principal or any other amounts, as applicable in respect of any Green Financing Instruments, or otherwise affect the terms and conditions of any Green Financing Instruments.

Any such event or failure and/or withdrawal of any opinion or certification as described above or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on and/or any Green Financing Instruments no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value and marketability of the Green Financing Instruments and also potentially the value of any other Green Financing Instruments which are intended to finance Eligible Assets and/or result in adverse consequences for Noteholders with portfolio mandates to invest in securities to be used for a particular purpose. For the avoidance of doubt, it is however specified that payments of principal and interest (as the case may be) on the Green Financing Instruments shall not depend on the performance of the relevant project.

Investors should be aware that Green Financing Instruments may also be subject to the resolution tools granted to the competent authority under the BRRD in circumstances where the Issuer fails or is likely to fail. In particular, Green Financing Instruments will be subject to the exercise of the general bail-in tool (as defined below) and/or the non-viability loss absorption (in respect of Subordinated Notes) to the same extent and with the same ranking as any other Note which is not a Green Financing Instruments. Further, any Green Financing Instruments as with other Notes, will be fully subject to the application of CRR eligibility criteria and BRRD requirements and, as such, proceeds from any such Green Financing Instruments will cover all losses in the balance sheet of the Issuer regardless of their "green", "social" or "sustainable" label. Further, the limitations on remedies available to Noteholders (see "*There are limited enforcement events in relation to the Notes*") apply equally to Noteholders of Green Financing Instruments and as such, the enforcement rights of the Noteholders of Green Financing Instruments are extremely limited.

Additionally, their labelling as Green Financing Instruments will not (i) affect the regulatory treatment of such Notes as Tier 2 Capital or MREL Eligible Liabilities (as applicable) or (ii) have any impact on their status as indicated in Condition 3.

The market continues to develop in relation to risk-free rates (including overnight rates) which are possible reference rates for the Notes

Investors should be aware that the market continues to develop in relation to risk-free rates such as Sterling Overnight Index Average (**SONIA**), as reference rate in the capital markets for Sterling bonds, and its adoption as alternatives to the relevant interbank offered rate. In addition, market participants and relevant working groups are still exploring alternative reference rates based on risk-free rates, including various ways to produce term versions of certain risk-free rates (which seek to measure the market's forward expectation of an average of these reference rates over a designated term, as they are overnight rates) or different measures of such risk-free rates. For example, on 3 August 2020, the Bank of England, as the administrator of SONIA, began publishing the SONIA Compounded Index.

The market or a significant part thereof may adopt an application of risk-free rates that differs significantly from that set out in the Terms and Conditions of the Notes and used in relation to Notes that reference such risk-free rates issued under this Programme. The Issuer may in the future also issue Notes referencing SONIA or SONIA Compounded Index that differ materially in terms of interest determination when compared with any previous SONIA or SONIA Compounded Index referenced Notes issued by it under this Programme. The development of risk-free rates for the Eurobond markets could result in reduced liquidity or increased volatility, or could otherwise affect the market price of any Notes that reference a risk-free rate issued under this Programme from time to time.

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

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

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

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

Investors should consider these matters when making their investment decision with respect to any Notes which reference SONIA or SONIA Compounded Index.

Risk-free rates differ from interbank offered rates in a number of material respects

Risk-free rates may differ from interbank offered rates in a number of material respects, including (without limitation) by being backwards-looking in most cases, calculated on a compounded or weighted average basis, risk-free and overnight rates, whereas such interbank offered rates are generally expressed on the basis of a forward-looking term, are unsecured and include a risk-element based on interbank lending. As such, investors should be aware that risk-free rates may behave materially differently to interbank offered rates as interest reference rates for the Notes. Risk-free rates offered as alternatives to interbank offered rates also have a limited history. For that reason, future performance of such rates may be difficult to predict based on their limited historical performance. The level of such rates during the term of the Notes may bear little or no relation to historical levels. Prior observed patterns, if any, in the behaviour of market variables and their relation to such rates such as correlations, may change in the future.

Furthermore, interest on Notes which reference a backwards-looking risk-free rate is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference such risk-free rates to reliably estimate the amount of interest which will be payable on such Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which could adversely impact the liquidity of such Notes. Further, in contrast to Notes linked to interbank offered rates, if Notes referencing backwards-looking SONIA become due and payable under Condition 9 or are otherwise redeemed early on a date which is not an Interest Payment Date, the final Rate of Interest payable in respect of such Notes shall be determined by reference to a shortened period ending immediately prior to the date on which the Notes become due and payable or are scheduled for redemption.

The administrator of SONIA may make changes that could change the value of SONIA or discontinue SONIA

The Bank of England (or its successor) as administrator of SONIA (and SONIA Compounded Index) may make methodological or other changes that could change the value of this risk-free rate and/or index, including changes related to the method by which such rate and/or index is calculated, eligibility criteria applicable to the transactions used to calculate such rate and/or index, or timing related to the publication of SONIA or SONIA Compounded Index. In addition, an administrator may alter, discontinue or suspend calculation or dissemination of SONIA or SONIA Compounded Index, in which case a fallback method of determining the interest rate on the Notes will apply in accordance with the Terms and Conditions of the Notes (see "*Future discontinuance of certain benchmark rates (for example EURIBOR) may adversely affect the value of Floating Rate Notes and/or Reset Notes which are linked to or which reference any such benchmark rate*"). An administrator has no obligation to consider the interests of Noteholders when calculating, adjusting, converting, revising or discontinuing any such risk-free rate.

Risks related 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:

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell its Notes

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

If an investor holds Notes which are not denominated in the investor's home currency, the investor will be exposed to movements in exchange rates adversely affecting the value of its holding. In addition, the imposition of exchange controls in relation to any Notes could result in the investor not receiving payments on those Notes

The Issuer will pay principal and interest on the Notes in the Specified Currency. 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 the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's 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 Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of Fixed Rate Notes or Reset Notes may be adversely affected by movements in market interest rates

Investment in Fixed Rate Notes or Reset Notes involves the risk that subsequent increases in market interest rates above the rate paid on the relevant Fixed Rate Notes or Reset Notes will adversely affect the value of the Fixed Rate Notes or Reset Notes.

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

Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In addition, rating agencies may assign unsolicited ratings to the Notes. In such circumstances there can be no assurance that the unsolicited rating(s) will not be lower than the comparable solicited ratings assigned to the Notes, which could adversely affect the market value and liquidity of the Notes.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by ESMA on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA (the **UK CRA Regulation**). As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances.

If the status of any rating agency rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment, which may impact the value of the Notes and their liquidity in the secondary market.

Risks related to the Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

The exercise of any power under the BRRD, as implemented in Iceland, could materially adversely affect the rights of holders of Notes

Under Directive 2014/59/EU providing for the establishment of an EU and EEA-wide framework for the recovery and resolution of credit institutions and investment firms (the **Bank Recovery and Resolution Directive** or **BRRD**, including as amended by Directive 2019/879/EU of the European Parliament and of the European Council of 20 May 2019 (**BRRD II**), as applicable), resolution authorities have the power, among other things, to write down certain claims of unsecured creditors of a failing relevant entity (such a write-down may result in the reduction of such claims to zero) and to convert certain unsecured debt claims (including Notes) to equity or other instruments of ownership (the **general bail-in tool**), and such equity or other instruments could also be subject to any future cancellation, transfer or dilution. The BRRD is designed to provide the respective authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing relevant entity. This set of tools includes in particular the "bail-in tool" which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing relevant entity and to convert certain unsecured debt claims (including Notes) to equity. For more information on the Bank Recovery and Resolution Directive, see "*Business Overview — Regulatory and Tax Environment — European Bank Recovery and Resolution Directive*".

The BRRD was fully implemented in Iceland on 24 May 2020 by legislation which entered into force on 1 September 2020. The BRRD II was incorporated into the EEA Agreement by the EEA Joint Committee Decision No. 145/2022 and implemented into Icelandic law by Act No 63/2023 and Regulation No 700/2024. The Hierarchy of Claims Act further amends the Act on Financial Undertakings, the Recovery and Resolution Act and the Deposit Insurance and Insurance Schemes Act No. 98/1999.

Therefore, holders of Notes may be subject to any application of the resolution tools (such as the general bail-in tool) or (in the case of Subordinated Notes) on any application of the non-viability loss absorption measure, which may result in such holders losing some or all of their investment in the Notes, or their rights in respect of the Notes and/or the value of their investment may otherwise be materially adversely affected. The exercise of any power under the BRRD, as implemented in Iceland, or any suggestion of such exercise could, therefore, materially adversely affect the rights of holders of Notes, the price of value of their investment in any Notes and/or the ability of the Issuer to satisfy its obligations under the relevant Notes. Furthermore, the resolution authorities will have the power to amend or alter the maturity of debt instruments (including the Notes) and other eligible liabilities or amend the amount of interest payable under such instruments (including the Notes) and other eligible liabilities, or the date on which the interest becomes payable, including by suspending payment for a temporary period.

Under the Hierarchy of Claims Act, debt instruments that meet the following criteria will be considered as "senior non-preferred notes" (and Senior Non-Preferred Notes hereunder) and will rank lower than ordinary unsecured claims (including Senior Preferred Notes hereunder) in a winding up of the Issuer: (i) the original contractual maturity of the debt instrument is of at least one year, (ii) the debt instruments contain no embedded derivatives and are not derivatives themselves, and (iii) the relevant contractual documentation, and, where applicable, the prospectus related to the issuance, explicitly refer to the lower ranking under the same paragraph. Moreover, all types of bank deposits will rank higher than ordinary unsecured claims. Under the Hierarchy of Claims Act: (i) any existing unsubordinated notes of the Issuer will rank *pari passu* with any Senior Preferred Notes of the Issuer; and (ii) existing unsubordinated notes of the Issuer and Senior Preferred Notes of the Issuer will rank senior to any Senior Non-Preferred Notes of the Issuer.

The Notes are unsecured and do not have the benefit of a negative pledge provision

The Notes will be unsecured and do not have the benefit of a negative pledge provision. If the Issuer defaults on the Notes, or in the event of a bankruptcy, liquidation, reorganisation or winding-up, then, to the extent that the Issuer has granted security over its assets, the assets that secure those obligations will be used to satisfy the obligations thereunder before the Issuer could sell or otherwise dispose of those assets in order to make payment on the Notes. As a result of the granting of such security, there may only be limited assets available to make payments on the Notes in the event of an acceleration of the Notes. In addition, the Issuer is able to issue other similar securities which do have the benefit of security which may impact on the market price of its securities, such as the Notes, which are unsecured.

Noteholders may have limited rights in the event the Issuer is subject to winding-up proceedings

It should be noted that there is currently some doubt regarding securities that are represented by global notes and the filing of claims against a financial institution, in the event an issuer becomes insolvent and is subject to winding-up proceedings. In a judgment from 2011 regarding a debt issuance programme similar to this Programme, the Supreme Court held that the holder of the Global Note can file a claim against an estate, not beneficial owners of interests in the Global Note themselves. As at the date hereof, investors should be aware that they may not be able to file a claim against the Issuer directly, should the Issuer become insolvent or become the subject of winding-up proceedings unless their interests in a Global Note have been exchanged for definitive Notes in accordance with the Terms and Conditions of the Notes. This means that Noteholders may lose all rights attaching to their interests in a Global Note other than financial rights, i.e. rights to participate and vote in creditor meetings as well as other rights which they may have.

The Terms and Conditions of the Notes contain provisions which may permit their modification without the consent of all investors

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders (including by way of conference call or by use of a videoconference platform) to consider and vote upon matters affecting their interests generally, or to pass resolutions in writing or through the use of electronic consents. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting or, as the case may be, did not sign the written resolution or give their consent electronically, and including those Noteholders who voted in a manner contrary to the majority.

The Principal Paying Agent and the Issuer may agree, without the consent of any of the Noteholders or Couponholders, to any modification of the Notes, the Coupons, the Deed of Covenant or the Agency Agreement (as defined under "*Terms and Conditions of the Notes*") which, in the opinion of the Issuer, is of a formal, minor or technical nature or is made to correct a manifest error to comply with mandatory provisions of the law.

Any such modification will be binding on all the Noteholders of the relevant Series of Notes.

The value of the Notes could be adversely affected by a change in English or Icelandic law or administrative practice

Except for CSD Notes and (in the case of Bearer and Registered Notes) the provisions of Condition 3, the Terms and Conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes. CSD Notes and (in the case of Bearer Notes and Registered Notes) Condition 3 shall be governed by, and construed in accordance with, Icelandic law. No assurance can be given as to the impact of any possible judicial decision or change to English or Icelandic law or administrative practice, as the case may be, after the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English or Icelandic law, as the case may be, or administrative practice after the date of issue of the relevant Notes and any such change could materially adversely impact the value of any Notes affected by it.

There are circumstances in which a court may apply Icelandic laws (or the laws of other jurisdictions) notwithstanding the choice of English law or Icelandic law, as the case may be, to govern the Terms and Conditions of the Notes (or part thereof)

Whilst the choice of English law or Icelandic law, as the case may be, as the governing law of parts of the Terms and Conditions of the Notes described above will generally be upheld as a valid choice by many courts, there will be circumstances in which the relevant choice may not be upheld or may, at least partially, be displaced. There may, therefore, be circumstances in which Icelandic laws (for example capital or exchange control laws) or indeed the laws of another jurisdiction may be applied by a court notwithstanding the choice of English law to govern parts of the Terms and Conditions of the Notes.

In particular (a) the English courts may give effect to the "overriding mandatory provisions" of the law of the country where the obligations arising out of the Terms and Conditions of the Notes have to be or have been performed, "insofar as those overriding mandatory provisions render the performance of the contract unlawful" (Article 9(3) of Regulation (EC) No. 593/2008 of the European Parliament and of the Council of 17 June 2008, as it forms part of UK domestic law by virtue of the EUWA (**Rome I**)); and (b) there are circumstances in which reorganisation measures adopted by certain states in respect of credit institutions must be given effect to in other states pursuant to Directive 2001/24/EC of the European Parliament and of the Council of 4 April 2001 on the reorganisation and winding up of credit institutions (this directive is incorporated into English law by the Credit Institutions (Reorganisation and Winding Up) Regulations 2004).

As a result, there are circumstances in which a law other than English law or Icelandic law, as the case may be, may determine whether certain Terms and Conditions of the Notes are enforceable against the

Issuer. It should be noted in this context that there may be circumstances in which proceedings arising out of or in connection with the Terms and Conditions of the Notes may be brought in courts other than the English courts and/or in which the English courts may refuse to hear proceedings brought before them.

There may be circumstances in which courts may give judgments in ISK and/or in which a judgment of courts other than the Icelandic courts may not be enforceable in Iceland (or, if it is enforceable in Iceland, which may result in the judgment creditor receiving ISK)

There may be circumstances in which a court hearing a dispute arising out of or in connection with the Terms and Conditions of the Notes may give judgment in ISK. Further, judgments given by courts other than the Icelandic courts may not necessarily be enforceable against the Issuer in Iceland. Even if a judgment is enforceable in Iceland, the enforcement process may result in the judgment creditor receiving ISK.

A judgment entered against a company incorporated in Iceland in the courts of a state which is not a party to the Convention on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters made in Lugano on 30 October 2007 (the **Lugano Convention**) as a Contracting State (as defined in the Lugano Convention), would not be recognised or enforceable in Iceland as a matter of law without a retrial on its merits (but will be of persuasive authority as a matter of evidence before the courts of law of Iceland). As at the date of this Base Prospectus, the United Kingdom and Iceland are not bound by any agreement, treaty or other instrument on mutual recognition and enforcement of judgments applicable in relation to the Notes. As a result, a final judgment in civil or commercial matters relating to the Notes obtained in the courts of England against the Issuer, will, in principle, neither be recognised nor enforceable in Iceland. However, if a Noteholder brings a new action in a competent court in Iceland, the final judgment rendered in an English court may be submitted to the Icelandic court, but will only be regarded as evidence of the outcome of the dispute to which it relates, and the Icelandic court has full discretion to rehear the dispute *ab initio*. Any retrial on a judgment's merits could therefore significantly delay or prevent the enforcement by Noteholders of the Issuer's obligations under the Notes.

Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued

In relation to any issue of Bearer Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such 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 Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a 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 Bearer Note in respect of such holding (should such Notes be printed) or issued and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If definitive Bearer Notes are issued, holders should be aware that definitive Bearer Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

There is a limitation on the gross-up obligation under the Notes and Coupons

The Issuer's obligation to pay additional amounts in respect of any withholding or deduction in respect of taxes under the terms of the Notes applies only to payments of interest due and paid under the Notes and Coupons and not to payments of principal. As such, the Issuer would not be required to pay any additional amounts under the terms of the Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under the Notes or Coupons, Holders of Notes or Coupons may receive less than the full amount due under the Notes or Coupons, and the market value of the Notes or Coupons may be adversely affected. Holders of Notes should note that principal for these purposes will include any payments of premium.

DOCUMENTS INCORPORATED BY REFERENCE

The following information which has previously been published or is published simultaneously with this Base Prospectus and has been filed with the Central Bank of Ireland shall be incorporated in, and form part of, this Base Prospectus:

(a) the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2023 (including the auditors' report thereon) (the **2023 Financial Statements**) which can be viewed online at https://kvika.cdn.prismic.io/kvika/392edd31-5012-40c5-a6a6-dbd7c375b4d9_Kvika+Consolidated+Financial+Statements+31-12-2023.pdf;

(b) the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2024 (including the auditors' report thereon) (the **2024 Financial Statements**) which can be viewed online at https://kvika.cdn.prismic.io/kvika/Z6yzMpbqstJ9-h3f_Kvika-ConsolidatedFinancialStatements31.12.2024.pdf;

(c) the section "Terms and Conditions of the Notes" (pages 91 –153 inclusive) set out in the Base Prospectus relating to the Programme dated 9 January 2023 which can be viewed online at https://kvika.cdn.prismic.io/kvika/392fe3c0-3c44-4722-872b-cfed9342385f_UKO2-%232005730098-v1+Kvika+Bank+2022+-+Prospectus+%28Final%29.pdf; and

(d) the section "Terms and Conditions of the Notes" (pages 91 –151 inclusive) set out in the Base Prospectus relating to the Programme dated 11 March 2024 which can be viewed online at https://kvika.cdn.prismic.io/kvika/76b3d822-3d1e-45fc-a721-531656273365_UKO2-%232007830165-v1+FINAL+VERSION+-+Kvika+EMTN+Update+2024+-+Base+Prospectus.pdf.

In addition to the above, the following information shall be incorporated in, and form part of, this Base Prospectus as and when it is published on https://kvika.is/en/investor-information/:

(e) the information set out in the following sections of any annual report published by the Issuer after the date of this Base Prospectus, including the audited consolidated annual financial statements of the Issuer and the independent auditor's report in relation thereto:

Independent Auditor's Report
Consolidated Income Statement
Consolidated Statement of Comprehensive Income
Consolidated Statement of Financial Position
Consolidated Statement of Changes in Equity
Consolidated Statement of Cash Flows
Notes to the Consolidated Financial Statements

(f) the information set out in the following sections of any interim report published by the Issuer after the date of this Base Prospectus, including the unaudited consolidated interim financial information of the Issuer:

Condensed Interim Consolidated Income Statement
Condensed Interim Consolidated Statement of Comprehensive Income
Condensed Interim Consolidated Statement of Financial Position
Condensed Interim Consolidated Statement of Changes in Equity
Condensed Interim Consolidated Statement of Cash Flows
Notes to the Condensed Interim Consolidated Financial Statements

Following the publication of this Base Prospectus, a supplement may be prepared by the Issuer and approved by the Central Bank of Ireland in accordance with Article 23 of the Prospectus Regulation.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new base prospectus for use in connection with any subsequent issue of Notes.

Any statement contained herein or in any information which is incorporated by reference herein or in any supplement to this Base Prospectus (or in any information incorporated by reference therein) shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any information subsequently incorporated by reference herein or in any subsequent supplement to this Base Prospectus (or in any information incorporated by reference therein) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

FORM OF THE NOTES

The Notes of each Series will be in (i) bearer form, with or without interest coupons attached, (ii) registered form, without interest coupons attached or (iii) uncertificated and dematerialised form and cleared through the CSD.

Bearer Notes

Each Tranche of Bearer Notes will be initially issued in the form of a temporary global note (a **Temporary Bearer Global Note**) or, if so specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, a permanent global note (a **Permanent Bearer Global Note** and, together with a Temporary Bearer Global Note, each a **Bearer Global Note**) which, in either case, will:

(a) if the Global Notes are intended to be issued in new global note (**NGN**) form, as stated in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking SA (**Clearstream, Luxembourg** and, together with Euroclear, the **International Central Securities Depositories** or **ICSDs**); or

(b) if the Global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for Euroclear and Clearstream, Luxembourg.

Where the Bearer Global Notes issued in respect of any Tranche are in NGN form, the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement will also indicate whether such Bearer Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Bearer Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Bearer Global Note, if the Temporary Bearer Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Bearer Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury Department regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On or after the date (the **Exchange Date**) which is 40 days after a Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein for interests in a Permanent Bearer Global Note of the same Series against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Bearer Global Note, if the Permanent Bearer Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, interest coupons and talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Enforcement Event (as defined in Condition 9) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the Issuer determines that it has or will become subject to adverse tax consequences which would not be suffered were the Bearer Notes represented by the Permanent Bearer Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or the common depositary or the common safekeeper for Euroclear and Clearstream, Luxembourg, as the case may be, on their behalf (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Notes which have an original maturity of more than one year and on all interest coupons relating to such Notes:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Registered Notes

The Registered Notes of each Tranche will initially be represented by a global note in registered form (a **Registered Global Note**). Registered Global Notes will be deposited with a common depositary or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg or in the name of a nominee of the common safekeeper, as specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

The applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement will specify whether or not such Registered Global Notes are intended to be held in a manner which would allow Eurosystem eligibility and therefore whether such Registered Global Notes are intended to be held under the New Safekeeping Structure (the **NSS**). Any indication that the Registered Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. Notes intended to be held under the NSS will be deposited with, and registered in the name of a common nominee of, one of the ICSDs acting as common safekeeper. The common safekeeper for Notes held under the NSS will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 5.4) as the registered holder of the Registered Global Notes. None of the Issuer, any Paying Agent and the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 5.4) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Enforcement Event has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Registered Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear and/or Clearstream, Luxembourg, in each case to the extent applicable.

CSD Notes

Each Tranche of CSD Notes will be issued in uncertificated and dematerialised book entry form. Legal title to CSD Notes will be evidenced by book entries in the records of the CSD. On the issue of CSD Notes, the Issuer will send a copy of the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement to the Principal Paying Agent and (if the CSD Account Manager is not the Issuer) the CSD Account Manager. Following notification to the CSD of the terms relating to the CSD Notes by (or on behalf of) the Issuer and of the subscribers and their CSD account details by the relevant Dealer, the CSD Account Manager, acting on behalf of the Issuer (if the CSD Account Manager is not the Issuer), will give instructions to the CSD to credit each subscribing account holder with the CSD with a nominal amount of CSD Notes equal to the nominal amount thereof for which it has subscribed and paid.

Settlement of sale and purchase transactions in respect of the CSD Notes in the CSD will take place in accordance with market practice at the time of the transaction. Transfers of interests in the CSD Notes will take place in accordance with the rules and procedures for the time being of the CSD.

CSD Notes will not be exchangeable for any physical note or document of title other than statements of account made by the CSD.

General

Pursuant to the Agency Agreement, in the case of Notes other than CSD Notes, the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg and/or the CSD shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement or as may otherwise be approved by the Issuer, the Principal Paying Agent and (in the case of CSD Notes if the CSD Account Manager is not the Issuer) the CSD Account Manager.

A Note may be accelerated by the holder thereof in certain limited circumstances described in Condition 9. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then the Global Note will become void at 8.00 p.m. (London time) on the day immediately following such day. At the same time, holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the **Deed of Covenant**) dated 11 March 2025 and executed by the Issuer.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event a new prospectus or a supplement to this Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Save in the case of CSD Notes, Notes issued under the Programme will be represented on issue by one or more Global Notes that may be delivered to a common depositary or common safekeeper for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in each Global Note, investors will not be entitled to receive Notes in definitive form. Each of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note held through it. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Notes, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes which are not Exempt Notes issued under the Programme

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended) (**MiFID II**); (ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the **Prospectus Regulation**). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended) (the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.][1] [*Include unless the Final Terms specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable"*]

[**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act, 2000 (as amended) (**FSMA**) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the **UK PRIIPs Regulation)** for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.][2] [*Include unless the Final Terms specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable"*]

[[3]**MiFID II product governance / Professional investors and eligible counterparties only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [MiFID II/Directive 2014/65/EU (as amended) (**MiFID II**)]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Details of any negative target market to be included if applicable*]. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[1] Legend to be included on front of the Final Terms if the Notes potentially constitute "packaged" products and no key information document will be prepared in the EEA or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

[2] Legend to be included on the front of the Final Terms if the Notes potentially constitute "packaged" products and no key information document will be prepared in the UK or the issuer wishes to prohibit offers to UK retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

[3] Legend to be included on front of the Final Terms if following the ICMA 1 "all bonds to all professionals" target market approach.

[[4]**UK MIFIR product governance / Professional investors and eligible counterparties only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Details of any negative target market to be included if applicable*]. [Any person subsequently offering, selling or recommending the Notes (a **distributor**)]/Any distributor should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[[5]**MiFID II product governance / Retail investors, professional investors and ECPs** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties, professional clients and retail clients, each as defined in [MiFID II/Directive 2014/65/EU (as amended) (**MiFID II**)]: ***EITHER***[6] [and (ii) all channels for distribution of the Notes are appropriate, including investment advice, portfolio management, non-advised sales and pure execution services] ***OR*** [7][(ii) all channels for distribution to eligible counterparties and professional clients are appropriate, (iii) the following channels for distribution of the Notes to retail clients are appropriate – investment advice[,/ and] portfolio management[,/ and][non-advised sales][and pure execution services][, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]]. [*Consider any negative target market*] [Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/'s] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable][8].]]

[[9]**UK MIFIR product governance / Retail investors, professional investors and ECPs –** Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is retail clients, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**), and eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (**COBS**), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA; ***EITHER***[10] [and (ii) all channels for distribution of the Notes are appropriate, including investment advice, portfolio management, non-advised sales and pure execution services] ***OR*** [11][(ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Notes to retail clients are appropriate - investment advice[,/ and]

[4] Legend to be included on front of the Final Terms if following the ICMA 1 "all bonds to all professionals" target market approach.

[5] Legend to be included on the front of the Final Terms if following the ICMA 2 approach.

[6] Include for bonds that are not ESMA complex.

[7] Include for certain ESMA complex bonds. This list may need to be amended, for example, if advised sales are deemed necessary. If there are advised sales, a determination of suitability will be necessary. In addition, if the Notes constitute "complex" products, pure execution services are not permitted to retail without the need to make the determination of appropriateness required under Article 25(3) of MiFID II.

[8] If the Notes constitute "complex" products, pure execution services are not permitted to retail without the need to make the determination of appropriateness required under Article 25(3) of MiFID II. If there are advised sales, a determination of suitability will be necessary.

[9] Legend to be included on the front of the Final Terms if following the ICMA 2 approach.

[10] Include for bonds that are not ESMA complex (in the UK context, as reflected in COBS).

[11] Include for certain ESMA complex bonds (in the UK context, as reflected in COBS). This list may need to be amended, for example, if advised sales are deemed necessary. If there are advised sales, a determination of suitability will be necessary. In addition, if the Notes constitute "complex" products, pure execution services are not permitted to retail without the need to make the determination of appropriateness.

portfolio management[,/ and][non-advised sales][and pure execution services][, subject to the distributor's suitability and appropriateness obligations under COBS, as applicable]]. [*Consider any negative target market*]. [Any person subsequently offering, selling or recommending the Notes (a **distributor**)/Any distributor] should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under COBS, as applicable][12].]]

[**Singapore Securities and Futures Act Product Classification** – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the **SFA**), the Issuer has determined, and hereby notifies all relevant persons (as defined in section 309A(1) of the SFA) that the Notes are ["prescribed capital markets products"]/["capital markets products other than prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and ["Excluded Investment Products"]/["Specified Investment Products"] (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]

[*Date*]

KVIKA BANKI HF.
(*incorporated with limited liability in Iceland*)

Legal entity identifier (LEI): 254900WR3I1Z9NPC7D84

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €1,000,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 11 March 2025 (the **Base Prospectus**) [as supplemented by the supplement[s] to it dated [*date*] [and [*date*]]] which [together] constitute[s] a base prospectus for the purposes of [Regulation (EU) 2017/1129 (for the purposes of these Final Terms, the **Prospectus Regulation**)][the Prospectus Regulation]. This document constitutes the Final Terms of the Notes described herein for the purpose of the Prospectus Regulation and must be read in conjunction with the Base Prospectus [as so supplemented] in order to obtain all the relevant information. The Base Prospectus [and the supplement[s]] [has] [have] been published on the website [of [the Issuer] at [●] [and on the website of Euronext Dublin at https://live.euronext.com/en/markets/dublin]] and copies may be obtained during normal business hours from the registered office of the Issuer at Katrínartún 2, 105 Reykjavík, Iceland and from the offices of the Principal Paying Agent at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, England.

[*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.*]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus dated [9 January 2023/11 March 2024] which are incorporated by reference in the Base Prospectus dated 11 March 2025. This document constitutes the

[12] If the Notes constitute "complex" products, pure execution services are not permitted to retail without the need to make the determination of appropriateness. If there are advised sales, a determination of suitability will be necessary.

Final Terms of the Notes described herein for the purposes of [Regulation (EU) 2017/1129 (for the purposes of these Final Terms, the **Prospectus Regulation**)][the Prospectus Regulation] and must be read in conjunction with the Base Prospectus dated 11 March 2025 [and the supplement[s] to it dated [*date*] [and [*date*]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation (the **Base Prospectus**), including the Conditions incorporated by reference in the Base Prospectus, in order to obtain all the relevant information. The Base Prospectus [and the supplement[s]] [has] [have] been published on the website [of [the Issuer] at [●] [and on the website of Euronext Dublin at https://live.euronext.com/en/markets/dublin]] and copies may be obtained during normal business hours from the registered office of the Issuer at Katrínartún 2, 105 Reykjavík, Iceland and from the offices of the Principal Paying Agent at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, England.

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.*]

[*If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.*]

1.	Issuer:		Kvika banki hf.
2.	(a)	Series Number:	[ ]
	(b)	Tranche Number:	[ ]
	(c)	Date on which the Notes will be consolidated and form a single Series:	[The Notes will be consolidated and from a single Series with [ ] on [the Issue Date/exchange of the Temporary Bearer Global Note for interests in the Permanent Bearer Global Note, as referred to in paragraph 24 below, which is expected to occur on or about [ ]]] [Not Applicable]
3.	Specified Currency or Currencies:		[ ]
4.	Aggregate Nominal Amount:		
	(a)	Series:	[ ]
	(b)	Tranche:	[ ]
5.	Issue Price:		[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
6.	(a)	Specified Denominations:	[ ] *(In the case of Registered Notes this means the minimum integral amount in which transfers can be made)* *(N.B. Where Bearer Notes with multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed:*

			"€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No Notes in definitive form will be issued with a denomination above €199,000.")
	(b)	Calculation Amount:	[ ] (*If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. N.B. There must be a common factor in the case of two or more Specified Denominations*.)
7.	(a)	Issue Date:	[ ]
	(b)	Interest Commencement Date:	[*specify*/Issue Date/Not Applicable] (*N.B. An Interest Commencement Date will not be relevant for Zero Coupon Notes.*)
8.	Maturity Date:		[*Fixed rate or reset rate - specify date/* *Floating rate* - Interest Payment Date falling in or nearest to [*specify month and year*]]
9.	Interest Basis:		[[ ] per cent. Fixed Rate] [[ ] month [EURIBOR/NIBOR/STIBOR/REIBOR][SONIA] +/- [ ] per cent. Floating Rate] [Reset Notes] [Zero Coupon] [Inflation Linked] (see paragraph [14][15][16][17][18][19] below)
10.	Redemption/Payment Basis:		[Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100] per cent. of their nominal amount]/[Inflation linked redemption in accordance with paragraph [18] below, and Conditions 4.5 and 6.14]/[Inflation linked redemption in accordance with Condition 6.15]
11.	Change of Interest Basis:		[For the period from (and including) the Interest Commencement Date, up to (but excluding) [*date*], paragraph [14/15/16/17] applies, and for the period from (and including) [*date*], up to (and including) the Maturity Date, paragraph [14/15/16/17] applies]/[Not Applicable]
12.	Put/Call Options:		[Issuer Call] [Clean-up Redemption Option]

			[Not Applicable]
			[(see paragraph [20][21][22] below)]
13.	(a)	Status of the Notes:	[Senior Preferred/Senior Non-Preferred/Subordinated]
	(*If Subordinated Notes include:*)		
	(i)	[Redemption upon occurrence of Capital Event:	[Applicable – Condition 6.3 applies/Not Applicable]
	(ii)	Redemption upon occurrence of an MREL Disqualification Event:	[Applicable – Condition 6.4 applies/Not Applicable]
	(iii)	Substitution or variation:	[Applicable – Condition 6.11 applies/Applicable – Condition 6.11 and Condition 6.12 apply/Not Applicable]]
	(If Senior Non-Preferred or Senior Preferred Notes include:)		
	(i)	[Redemption upon occurrence of an MREL Disqualification Event:	[Applicable – Condition 6.4 applies/Not Applicable]
	(ii)	Substitution or variation:	[Applicable – Condition 6.12 applies/Not Applicable]]
	(b)	Date Board approval for issuance of Notes obtained:	[ ] (*N.B. Only relevant where Board (or similar) authorisation is required for the particular Tranche of Notes*)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Rate(s) of Interest:	[ ] per cent. per annum payable in arrear on each Interest Payment Date
	(b)	Interest Payment Date(s):	[ ] [and [ ]] in each year up to and including the Maturity Date (*N.B. This will need to be amended in the case of long or short coupons*)

	(c)	Fixed Coupon Amount(s): (*Applicable to Notes in definitive form*)	[[ ] per Calculation Amount]/[Not Applicable]
	(d)	Broken Amount(s): (*Applicable to Notes in definitive form*)	[[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]]/[Not Applicable]
	(e)	Day Count Fraction:	[30/360]/[Actual/Actual (ICMA)]
	(f)	Determination Date(s):	[[ ] in each year]/[Not Applicable] (*Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon.*)
15.	Floating Rate Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Specified Period(s)/Specified Interest Payment Dates:	[ ]
	(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
	(c)	Additional Business Centre(s):	[ ]
	(d)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent or, in the case of CSD Notes, the CSD Calculation Agent):	[ ]
	(e)	Screen Rate Determination:	
		• Reference Rate, Relevant Time and Relevant Financial Centre:	Reference Rate: [[ ] month] [EURIBOR/NIBOR/STIBOR/REIBOR/SONIA] Relevant Time: [[ ] in the Relevant Financial Centre/Not Applicable] Relevant Financial Centre: [London/Brussels/Oslo/Stockholm/Reykjavík/Not Applicable]

•	Interest Determination Date(s):	[ ] (*Second day on which T2 is open prior to the start of each Interest Period if EURIBOR. For NIBOR, STIBOR and REIBOR, insert second [Oslo/Stockholm/Reykjavík] business day prior to the start of each Interest Period. For SONIA, insert the [first, second, third etc.] Business Day immediately preceding the Interest Payment Date for each Interest Period (or immediately preceding such earlier date, if any, on which the Notes are due and payable), or in the case of Payment Delay, the Interest Payment Date at the end of each Interest Period; provided that the Interest Determination Date with respect to the last Interest Period prior to the Maturity Date or the date fixed for redemption will be the Rate Cut-off Date*)
•	Reference Rate Replacement:	[Applicable/Not Applicable]
•	Effective Interest Payment Date:	[The date falling [ ] Business Days following each Interest Payment Date, provided that the Effective Interest Payment Date with respect to the last Interest Period will be the Maturity Date or, if the Issuer elects to redeem the Notes before the Maturity Date, the date fixed for redemption *(include for Payment Delay only)*]/[Not Applicable]
•	Relevant Screen Page:	[ ]
•	Calculation Method:	[Weighted Average/Compounded Daily/Not Applicable]
•	Observation Method:	[Lag/Lock-out/Observation Shift/Payment Delay/Not Applicable]
•	Observation Look-back Period:	[ ]/[Not Applicable] *(Not Applicable unless "Lag" or "Observation Shift" is selected as the Observation Method*)
•	D:	[365/Not Applicable]
•	Rate Cut-off Date:	[The date falling [ ] Business Days prior to the Maturity Date or the date fixed for redemption, as applicable - *used for Payment Delay only*]/[Not Applicable]
•	Index Determination:	[Applicable/Not Applicable]

If Index Determination is applicable, insert:

	•	Relevant Decimal Place:	[ ]/[As per the Conditions]
	•	p:	[ ]/[As per the Conditions]
	•	Numerator:	[ ]/[As per the Conditions]
	(f)	Linear Interpolation:	[Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
	(g)	Margin(s):	[+/-] [ ] per cent. per annum
	(h)	Minimum Rate of Interest:	[ ] per cent. per annum
	(i)	Maximum Rate of Interest:	[ ] per cent. per annum
	(j)	Day Count Fraction:	[Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)]
16.	Reset Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a)	Initial Rate of Interest:	[ ] per cent. per annum payable in arrear on each Interest Payment Date
	(b)	First Reset Margin:	[+/-][ ] per cent. per annum
	(c)	Subsequent Reset Margin:	[[+/-][ ] per cent. per annum]/[Not Applicable]
	(d)	Interest Payment Date(s):	[ ] in each year up to and including the Maturity Date
	(e)	Fixed Coupon Amount up to (but excluding) the First Reset Date:	[[ ] per Calculation Amount]/[Not Applicable]

	(*Applicable to Notes in definitive form*)	
(f)	Broken Amount(s) up to (but excluding) the First Reset Date: (*Applicable to Notes in definitive form*)	[[ ] per Calculation Amount payable on the Interest Payment Date falling on [ ]]/[Not Applicable]
(g)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent):	[ ]
(h)	First Reset Date:	[ ]
(i)	Second Reset Date:	[[ ]/[Not Applicable]
(j)	Subsequent Reset Date(s):	[[ ] [and [ ]]/[Not Applicable]
(k)	Reset Determination Date(s):	[ ] (*specify in relation to each Reset Date*)
(l)	Relevant Time:	[ ]
(m)	Relevant Screen Page:	[ ]
(n)	Reset Reference Rate:	[Mid-Swap Rate]/[Reference Bond]/[CMT Rate]
(o)	Reset Reference Rate Conversion:	[Applicable/Not Applicable]
(p)	Original Reset Reference Rate Payment Basis:	[Annual/Semi-annual/Quarterly/Monthly/Not Applicable]
(q)	Mid-Swap Rate:	[Single Mid-Swap Rate/Mean Mid-Swap Rate/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	• Reference Rate Replacement:	[Applicable/Not Applicable]
	• Mid-Swap Floating Leg Maturity:	[ ]

	•	Initial Mid-Swap Rate Final Fallback:	[Applicable/Not Applicable] (*If not applicable, delete "Initial Mid-Swap Rate" immediately below*)
	•	Initial Mid-Swap Rate:	[ ] per cent.
	•	Reset Period Maturity Initial Mid-Swap Rate Final Fallback:	[Applicable/Not Applicable] (*If not applicable, delete "Reset Period Maturity Initial Mid-Swap Rate" immediately below*)
	•	Reset Period Maturity Initial Mid-Swap Rate:	[ ] per cent.
	•	Last Observable Mid-Swap Rate Final Fallback:	[Applicable/Not Applicable]
	(r)	First Reset Period Fallback Yield:	[ ]/[Not Applicable] *(N.B. only applicable where the Reset Reference Rate is Reference Bond or CMT Rate)*
	(s)	Fallback Relevant Time:	[ ]/[Not Applicable] (*N.B. only applicable where the Reset Reference Rate is CMT Rate*)
	(t)	Day Count Fraction:	[30/360]/[Actual/Actual (ICMA)]
	(u)	Determination Date(s):	[[ ] in each year]/[Not Applicable] (*Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date* *or maturity date in the case of a long or short first or last coupon.*)
17.	Zero Coupon Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Accrual Yield:	[ ] per cent. per annum
	(b)	Reference Price:	[ ]

	(c)	Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365]
18.	Inflation Linked Amortising Notes (*applicable to CSD Notes only*):		[Applicable /Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Rate(s) of Interest:	[ ] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]
	(b)	Interest Payment Date(s):	The [ ] day in each month]/[[ ] in each year] up to and including the Maturity Date
	(c)	Number of Interest Payments in a year:	[ ]
	(d)	Total number of annuity payments on the relevant Notes:	[ ]
	(e)	Base Index:	[ ], being the value of the CPI on [ ]
	(f)	Day Count Fraction:	[30/360 or Actual/360 or Actual/Actual (ICMA)]
	(g)	Determination Dates:	[ ]/Not Applicable
19.	Inflation Linked Notes (*applicable to CSD Notes only*):		[Applicable /Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Rate(s) of Interest:	[ ] per cent. per annum [payable [annually/semi-annually/quarterly] in arrear]
	(b)	Interest Payment Date(s):	The [ ] day in each month]/[[ ] in each year] up to and including the Maturity Date
	(c)	Base Index:	[ ], being the value of the CPI on [ ]
	(d)	Day Count Fraction:	[30/360 or Actual/Actual (ICMA)]]
	(e)	Determination Dates:	[ ]/Not Applicable

PROVISIONS RELATING TO REDEMPTION

20.	Issuer Call:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)

	(a)	Optional Redemption Date(s):	[ ]
	(b)	Optional Redemption Amount:	[ ] per Calculation Amount
	(c)	Redeemable in part:	[Applicable/Not Applicable]
	(i)	Minimum Redemption Amount:	[ ]
	(ii)	Maximum Redemption Amount:	[ ]
21.	Final Redemption Amount:		[Each Note will be redeemed at its principal amount/[[ ] for the Inflation Linked Amortising Notes]/[In accordance with Condition 6.15 per Calculation Amount]
22.	Clean-up Redemption Option:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Clean-up Percentage:	[75 per cent. / [ ] per cent.]
	(b)	Clean-up Redemption Amount:	[[ ] per Calculation Amount / [ ]]
	(c)	Clean-up Redemption Date:	[ ]
23.	Early Redemption Amount payable on redemption for taxation reasons or upon the occurrence of a Capital Event or an MREL Disqualification Event (as applicable):		[[ ] per Calculation Amount / [ ]]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24.	Form of Notes:		
	(a)	Form:	[Bearer Notes [Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes only upon an Exchange Event]] [Permanent Bearer Global Note exchangeable for Definitive Notes only upon an Exchange Event]] [Registered Notes:

		[Global Note registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]]]
		[CSD Notes]
	(b) New Global Note:	[Yes] [No] [Not Applicable]
		(In the case of an issue of CSD Notes, this will be Not Applicable)
25.	Additional Financial Centre(s):	[Not Applicable/*give details*] (*Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraph 15(c) relates*)
26.	Talons for future Coupons to be attached to Definitive Bearer Notes:	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No/Not Applicable]

Signed on behalf of Kvika banki hf. :

By: ....
Duly authorised

By: ....
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(a)	Listing:	[Official List of Euronext Dublin][Nasdaq Iceland]
(b)	Admission to trading:	[Application has been made for the Notes to be admitted to trading on [the Regulated Market of Euronext Dublin/the Nasdaq Iceland hf.] with effect from [ ]]
(c)	Estimate of total expenses related to admission to trading:	[ ]

2. RATINGS

Ratings: [The Notes to be issued] [[have been]/[are expected to be]] rated]:

[*insert details*] by [*insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms*].

[*Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.*]

[Each of [*defined terms*] is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended).]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

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

4. REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

(a) Reasons for the offer: [General corporate purposes]

[The Notes constitute Green Financing Instruments and an amount equal to the net proceeds of the issue of the Notes will be used to finance or refinance, in whole or in part, the Issuer's investments in Eligible Assets, as further described in the Issuer's Green Funding Framework dated February 2024 (as amended or supplemented from time to time) available on the Issuer's website] [*For Green Financing Instruments* *only, include weblink for relevant framework and any other relevant information*]

[*Specify other*]

(b) Estimated net proceeds: [ ]

5. YIELD (*Fixed Rate Notes and Reset Notes only*)

Indication of yield: [ ]

6. BENCHMARKS REGULATION *(Floating Rate Notes and Reset Notes calculated by reference to benchmarks only)*

[Amounts payable under the Notes will be calculated by reference to [*specify benchmark (as this term is defined in the Benchmarks Regulation*)] which is provided by [*legal name of the benchmark administrator*]. As at the date of these Final Terms, [*legal name of the benchmark administrator*] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of Regulation (EU) 2016/1011.

[As far as the Issuer is aware, [*specify benchmark (as this term is defined in the Benchmarks Regulation*)] [does not fall within the scope of Regulation (EU) 2016/1011 by virtue of Article 2 of that regulation/the transitional provisions in Article 51 of Regulation (EU) 2016/1011 apply] such that [*legal name of the benchmark administrator*] is not currently required to obtain authorisation or registration (or, if located outside the EU, recognition, endorsement or equivalence).]]

7. PERFORMANCE OF FORMULA/CPI, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING *(Inflation Linked Notes and Inflation Linked Amortising Notes only)*

[Not Applicable]

[*Need to include details of where past and future performance and volatility of the formula/CPI can be obtained.*]

The Notes are linked to the performance of the Icelandic Consumer Price Index (CPI) produced based on data from Statistics Iceland

Information about the CPI can be obtained [free of charge] from the website of Statistics of Iceland being [https://www.statice.is/statistics/economy/prices/consumer-price-index/]

The Issuer [intends to provide post-issuance information [*specify what information will be reported and where it can be obtained*]] [does not intend to provide post-issuance information]

8. OPERATIONAL INFORMATION

(a) ISIN: [ ]

(b) Common Code: [ ]

(c)	CFI:	[[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable]
(d)	FISN:	[[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable] (*If the CFI and/or FISN is not required, requested or available, it/they should be specified to be "Not Applicable")*
(e)	Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	[Not Applicable/[Nasdaq CSD Iceland (**CSD**), CSD identification number: [ ]]/*give name(s) and number(s)*]
(f)	Delivery:	Delivery [against/free of] payment
(g)	Names and addresses of additional Paying Agent(s) and/or Transfer Agent(s) (if any):	[ ]
(h)	CSD Calculation Agent:	[Kvika banki hf./Not Applicable/[ ]]
(i)	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes, Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the NSS,] [*include this text for Registered Notes which are to be held under the NSS*] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.] [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the NSS [*include this text for Registered Notes which are to be held under the NSS*]]. Note that this does not necessarily mean that the Notes will then

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

[Not Applicable] *(In the case of an issue of CSD Notes, this will be Not Applicable)*

9. DISTRIBUTION

(a)	Method of distribution:	[Syndicated/Non-syndicated]
(b)	If syndicated, names of Managers:	[Not Applicable/*give names*]
(c)	Date of Subscription Agreement:	[ ]
(d)	Stabilising Manager(s) (if any):	[Not Applicable/*give name(s)*]
(e)	If non-syndicated, name of Dealer:	[Not Applicable/*give name*]
(f)	TEFRA applicability:	[TEFRA D/TEFRA C/TEFRA not applicable]
(g)	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable]
(h)	Prohibition of Sales to UK Retail Investors:	[Applicable/Not Applicable]
(i)	Singapore Sales to Accredited and Institutional Investors only:	[Applicable/Not Applicable]

10. THIRD PARTY INFORMATION

[[ ] has been extracted from [ ]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]/[Not Applicable]

FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Exempt Notes issued under the Programme

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended) (**MiFID II**); (ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the **Prospectus Regulation**). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended) (the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.][*Include unless the Pricing Supplement specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable"*][13]

[**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (**EUWA**); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA (the **UK Prospectus Regulation**). Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.] [*Include unless the Pricing Supplement specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable"*][14]

[**MiFID II/ UK MIFIR product governance / target market** – [*appropriate target market legend to be included*]]

[**Singapore Securities and Futures Act Product Classification** – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the **SFA**), the Issuer has determined, and hereby notifies all relevant persons (as defined in section 309A(1) of the SFA) that the Notes are ["prescribed capital markets products"]/["capital markets products other than prescribed capital markets products"] (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and ["Excluded Investment Products"]/["Specified Investment Products"] (as defined in MAS Notice

[13] Legend to be included on front of the Pricing Supplement if the Notes potentially constitute "packaged" products and no key information document will be prepared in the EEA or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

[14] Legend to be included on the front of the Final Terms if the Notes potentially constitute "packaged" products and no key information document will be prepared in the UK or the issuer wishes to prohibit offers to UK retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]

[*Date*]

KVIKA BANKI HF.
(*incorporated with limited liability in Iceland*)

Legal entity identifier (LEI): 254900WR3I1Z9NPC7D84

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €1,000,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

[Any person making or intending to make an offer of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or to supplement a prospectus pursuant to Article 23 of the Prospectus Regulation in relation to such offer.][15]

This document constitutes the Pricing Supplement for the Notes described herein. This document must be read in conjunction with the Base Prospectus dated 11 March 2025 (the **Base Prospectus**) [as supplemented by the supplement[s] dated [ ] [and [ ]]]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplement[s]] [has] [have] been published on the website of Euronext Dublin at https://live.euronext.com/en/markets/dublin and copies may be obtained during normal business hours from the registered office of the Issuer at Katrínartún 2, 105 Reykjavík, Iceland and from the offices of the Principal Paying Agent at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, England.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Base Prospectus [dated [*original date*] [and the supplement dated [*date*]] which are incorporated by reference in the Base Prospectus].

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement.*]

[*If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.*]

1.	Issuer:		Kvika banki hf.
2.	(a)	Series Number:	[ ]
	(b)	Tranche Number:	[ ]
	(c)	Date on which the Notes will be consolidated and form a single Series:	[The Notes will be consolidated and from a single Series with [ ] on [the Issue Date/exchange of the Temporary Bearer Global Note for interests in the Permanent Bearer Global Note, as referred to in

[15] Include relevant legend wording here for the [EEA][and][UK] if the "Prohibition of Sales" legend and related selling restriction for that regime are not included/not specified to be "Applicable" (because the Notes do not constitute "packaged" products, or a key information document will be prepared, under that regime).

			paragraph 24 below, which is expected to occur on or about [ ]]] [Not Applicable]
3.	Specified Currency or Currencies:		[ ]
4.	Aggregate Nominal Amount:		
	(a)	Series:	[ ]
	(b)	Tranche:	[ ]
5.	Issue Price:		[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
6.	(a)	Specified Denominations:	[ ]
			(In the case of Registered Notes this means the minimum integral amount in which transfers can be made)
			(N.B. Where Bearer Notes with multiple denominations above €100,000 or equivalent are being used the following sample wording should be followed:
			"€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. No Notes in definitive form will be issued with a denomination above €199,000.")
	(b)	Calculation Amount:	[ ]
			(*If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. N.B. There must be a common factor in the case of two or more Specified Denominations*.)
7.	(a)	Issue Date:	[ ]
	(b)	Interest Commencement Date:	[*specify*/Issue Date/Not Applicable]
			(*N.B. An Interest Commencement Date will not be relevant for Zero Coupon Notes.*)
8.	Maturity Date:		[*Fixed rate or reset rate - Specify date/ Floating Rate - Interest Payment Date falling in or nearest to the [specify month and year*]]
9.	Interest Basis:		[[ ] per cent. Fixed Rate] [[ ] month [EURIBOR/NIBOR/STIBOR/REIBOR][SONIA] +/- [ ] per cent. Floating Rate] [Reset Notes] [Zero Coupon]

		[Inflation Linked] [*specify other*] (see paragraph [14][15][16][17][18][19] below)
10.	Redemption/Payment Basis:	[Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100] per cent. of their nominal amount]/[Inflation linked redemption in accordance with paragraph [18] below, and Conditions 4.5 and 6.14]/[Inflation linked redemption in accordance with Condition 6.15]
11.	Change of Interest Basis:	[For the period from (and including) the Interest Commencement Date, up to (but excluding) [*date*], paragraph [14/15/16/17] applies, and for the period from (and including) [*date*], up to (and including) the Maturity Date, paragraph [14/15/16/17] applies]/[Not Applicable]
12.	Put/Call Options:	[Issuer Call] [Clean-up Redemption Option] [Not Applicable] [(see paragraph [20][21][22] below)]
13.	(a) Status of the Notes:	[Senior Preferred/Senior Non-Preferred/Subordinated]
	(*If Subordinated Notes include:*)	[Applicable – Condition 6.3 applies/Not Applicable]
	(i) [Redemption upon occurrence of a Capital Event:	
	(ii) Redemption upon occurrence of an MREL Disqualification Event:	[Applicable – Condition 6.4 applies/Not Applicable]
	(iii) Substitution or variation:	[Applicable – Condition 6.11 applies/Applicable – Condition 6.11 and Condition 6.12 apply/Not Applicable]]
	(If Senior Non-Preferred or Senior Preferred Notes include:)	
	(i) [Redemption upon occurrence of an MREL Disqualification Event:	[Applicable – Condition 6.4 applies/Not Applicable]
	(ii) Substitution or variation:	[Applicable – Condition 6.12 applies/Not Applicable]]

	(b)	Date Board approval for issuance of Notes obtained:	[ ] (*N.B. Only relevant where Board (or similar) authorisation is required for the particular Tranche of Notes*)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Rate(s) of Interest:	[ ] per cent. per annum payable in arrear on each Interest Payment Date
	(b)	Interest Payment Date(s):	[ ] [and [ ]] in each year up to and including the Maturity Date (*N.B. This will need to be amended in the case of long or short coupons*)
	(c)	Fixed Coupon Amount(s): (*Applicable to Notes in definitive form*)	[[ ] per Calculation Amount]/[Not Applicable]
	(d)	Broken Amount(s): (*Applicable to Notes in definitive form*)	[[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]]/[Not Applicable]
	(e)	Day Count Fraction:	[30/360]/[Actual/Actual (ICMA)]/[*specify other*]
	(f)	Determination Date(s):	[[ ] in each year]/[Not Applicable] (*Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon.*)
	(g)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[None/*give details*]
15.	Floating Rate Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)

(a)	Specified Period(s)/Specified Interest Payment Dates:	[ ]
(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
(c)	Additional Business Centre(s):	[ ]
(d)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent or, in the case of CSD Notes, the CSD Calculation Agent):	[ ]
(e)	Screen Rate Determination:	
	• Reference Rate, Relevant Time and Relevant Financial Centre:	Reference Rate: [[ ] month] [EURIBOR/NIBOR/STIBOR/REIBOR/SONIA/*specify other*] Relevant Time: [[ ] in the Relevant Financial Centre/Not Applicable] Relevant Financial Centre: [London/Brussels/Oslo/Stockholm/Reykjavík/*specify other/*Not Applicable]
	• Interest Determination Date(s):	[ ] *(Second day on which T2 is open prior to the start of each Interest Period if EURIBOR. For NIBOR, STIBOR and REIBOR, insert second [Oslo/Stockholm/Reykjavík] business day prior to the start of each Interest Period. For SONIA, insert the [first, second, third etc.] Business Day immediately preceding the Interest Payment Date for each Interest Period (or immediately preceding such earlier date, if any, on which the Notes are due and payable), or in the case of Payment Delay, the Interest Payment Date at the end of each Interest Period; provided that the Interest Determination Date with respect to the last Interest Period prior to the Maturity Date or the date fixed for redemption will be the Rate Cut-off Date)*
	• Reference Rate Replacement:	[Applicable/Not Applicable]

•	Effective Interest Payment Date:	[The date falling [ ] Business Days following each Interest Payment Date, provided that the Effective Interest Payment Date with respect to the last Interest Period will be the Maturity Date or, if the Issuer elects to redeem the Notes before the Maturity Date, the date fixed for redemption *(include for Payment Delay only)*]/[Not Applicable]
•	Relevant Screen Page:	[ ]
•	Calculation Method:	[Weighted Average/Compounded Daily/Not Applicable]
•	Observation Method:	[Lag/Lock-out/Observation Shift/Payment Delay/Not Applicable]
•	Observation Look-back Period:	[ ]/[Not Applicable] *(Not Applicable unless "Lag" or "Observation Shift" is selected as the Observation Method*)
•	D:	[365/Not Applicable]
•	Rate Cut-off Date:	[The date falling [ ] Business Days prior to the Maturity Date or the date fixed for redemption, as applicable - *used for Payment Delay only*]/[Not Applicable]
•	Index Determination:	[Applicable/Not Applicable]

If Index Determination is applicable, insert:

•	Relevant Decimal Place:	[ ]/[As per the Conditions]
•	p:	[ ]/[As per the Conditions]
•	Numerator:	[ ]/[As per the Conditions]
(f)	Linear Interpolation:	[Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
(g)	Margin(s):	[+/-] [ ] per cent. per annum
(h)	Minimum Rate of Interest:	[ ] per cent. per annum
(i)	Maximum Rate of Interest:	[ ] per cent. per annum

	(j)	Day Count Fraction:	[Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] [*specify other*]
	(k)	Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[ ]
16.	Reset Note Provisions:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Initial Rate of Interest:	[ ] per cent. per annum payable in arrear on each Interest Payment Date
	(b)	First Reset Margin:	[+/-][ ] per cent. per annum
	(c)	Subsequent Reset Margin:	[[+/-][ ] per cent. per annum]/[Not Applicable]
	(d)	Interest Payment Date(s):	[ ] in each year up to and including the Maturity Date
	(e)	Fixed Coupon Amount up to (but excluding) the First Reset Date: ((*Applicable to Notes in definitive form*)	[[ ] per Calculation Amount]/[Not Applicable
	(f)	Broken Amount(s) up to (but excluding) the First Reset Date: *((Applicable to Notes in definitive form*)	[[ ] per Calculation Amount payable on the Interest Payment Date falling on [ ]]/[Not Applicable]
	(g)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent):	[ ]

(h)	First Reset Date:	[ ]
(i)	Second Reset Date:	[[ ]/[Not Applicable]
(j)	Subsequent Reset Date(s):	[[ ] [and [ ]]/[Not Applicable]
(k)	Reset Determination Date(s):	[ ] (*specify in relation to each Reset Date*)
(l)	Relevant Time:	[ ]
(m)	Relevant Screen Page:	[ ]
(n)	Reset Reference Rate:	[Mid-Swap Rate]/[Reference Bond]/[CMT Rate]
(o)	Reset Reference Rate Conversion:	[Applicable/Not Applicable]
(p)	Original Reset Reference Rate Payment Basis:	[Annual/Semi-annual/Quarterly/Monthly/Not Applicable]
(q)	Mid-Swap Rate:	[Single Mid-Swap Rate/Mean Mid-Swap Rate/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	• Reference Rate Replacement:	[Applicable/Not Applicable]
	• Mid-Swap Floating Leg Maturity:	[ ]
	• Initial Mid-Swap Rate Final Fallback:	[Applicable/Not Applicable] (*If not applicable, delete "Initial Mid-Swap Rate" immediately below*)
	• Initial Mid-Swap Rate:	[ ] per cent.
	• Reset Period Maturity Initial Mid-Swap Rate Final Fallback:	[Applicable/Not Applicable] (*If not applicable, delete "Reset Period Maturity Initial Mid-Swap Rate" immediately below*)
	• Reset Period Maturity Initial Mid-Swap Rate:	[ ] per cent.

		• Last Observable Mid-Swap Rate Final Fallback:	[Applicable/Not Applicable]
	(r)	First Reset Period Fallback Yield:	[ ]/[Not Applicable] *(N.B. only applicable where the Reset Reference Rate is Reference Bond or CMT Rate)*
	(s)	Fallback Relevant Time:	[ ]/[Not Applicable] (*N.B. only applicable where the Reset Reference Rate is CMT Rate*)
	(t)	Day Count Fraction:	[30/360]/[Actual/Actual (ICMA)]
	(u)	Determination Date(s):	[[ ] in each year]/[Not Applicable] (*Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring new issue date or maturity date in the case of a long or short first or last coupon.*)
	(v)	Any other terms relating to the method of calculating interest on Reset Notes, if different from those set out in the Conditions:	[ ]
17.	Zero Coupon Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Accrual Yield:	[ ] per cent. per annum
	(b)	Reference Price:	[ ]
	(c)	Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365] [*specify other*]
18.	Inflation Linked Amortising Notes (*applicable to CSD Notes only*):		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Rate(s) of Interest:	[ ] per cent. per annum [payable [annually/semi-annually/quarterly/other (specify)] in arrear]

(b)	Interest Payment Date(s):	The [ ] day in each month]/[[ ] in each year] up to and including the Maturity Date
(c)	Number of Interest Payments in a year:	[ ]
(d)	Total number of annuity payments on the relevant Notes:	[ ]
(e)	Base Index:	[ ], being the value of the CPI on [ ]
(f)	Day Count Fraction:	[30/360 or Actual/360 or Actual/Actual (ICMA)]
(g)	Determination Dates:	[ ]/Not Applicable

19.	Inflation Linked Notes (*applicable to CSD Notes only*):	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a)	Rate(s) of Interest:	[ ] per cent. per annum [payable [annually/semi-annually/quarterly/other (specify)] in arrear]
(b)	Interest Payment Date(s):	The [ ] day in each month]/[[ ] in each year] up to and including the Maturity Date
(c)	Base Index:	[ ], being the value of the CPI on [ ]
(d)	Day Count Fraction:	[30/360 or Actual/Actual (ICMA)]]
(e)	Determination Dates:	[ ]/Not Applicable

PROVISIONS RELATING TO REDEMPTION

20.	Issuer Call:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
(a)	Optional Redemption Date(s):	[ ]
(b)	Optional Redemption Amount:	[[ ] per Calculation Amount/*specify other*/see Appendix]
(c)	Redeemable in part:	[Applicable/Not Applicable]
(i)	Minimum Redemption Amount:	[ ]
(ii)	Maximum Redemption Amount:	[ ]

21.	Final Redemption Amount:	[Each Note will be redeemed as its principal amount/[[ ] for the Inflation Linked Amortising Notes]/[In accordance with Condition 6.15 per Calculation Amount/*specify other*/see Appendix]
22.	Clean-up Redemption Option:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Clean-up Percentage:	[75 per cent. / [ ] per cent.]
	(b) Clean-up Redemption Amount:	[[ ] per Calculation Amount / [ ]]
	(c) Clean-up Redemption Date:	[ ]
23.	Early Redemption Amount payable on redemption for taxation reasons or upon the occurrence of a Capital Event or an MREL Disqualification Event (as applicable):	[[ ] per Calculation Amount/*specify other*/see Appendix]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24.	Form of Notes:	
	(a) Form:	[Bearer Notes [Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes only upon an Exchange Event]] [Permanent Bearer Global Note exchangeable for Definitive Notes only upon an Exchange Event]] [Registered Notes: [Global Note registered in the name of a nominee for [a common depositary for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg]]] [CSD Notes]
	(b) New Global Note:	[Yes] [No] [Not Applicable] *(In the case of an issue of CSD Notes, this will be Not Applicable)*
25.	Additional Financial Centre(s):	[Not Applicable/*give details*]

		(*Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraph 15(c) relates*)
26.	Talons for future Coupons to be attached to Definitive Bearer Notes:	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No/Not Applicable]
27.	Other terms or special conditions:	[ ]

Signed on behalf of Kvika banki hf. :

By: ....

Duly authorised

By: ....

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(a)	Listing:	[[ ]/None]
(b)	Admission to trading:	[Application has been made for the Notes to be admitted to trading on [*specify market – note this should not be a regulated market*] with effect from [ ]]/Not Applicable]

2. OPERATIONAL INFORMATION

(a)	ISIN:	[ ]
(b)	Common Code:	[ ]
(c)	CFI:	[[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable]
(d)	FISN:	[[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable] (*If the CFI and/or FISN is not required, requested or available, it/they should be specified to be "Not Applicable")*
(e)	Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	[Not Applicable/[Nasdaq CSD Iceland (**CSD**), CSD identification number: [ ]]/*give name(s) and number(s)*]
(f)	Delivery:	Delivery [against/free of] payment
(g)	Names and addresses of additional Paying Agent(s) and/or Transfer Agent(s) (if any):	[ ]
(h)	CSD Calculation Agent:	[Kvika bank hf./Not Applicable/[ ]]
(i)	Intended to be held in a manner which would	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with

allow Eurosystem eligibility:	one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the NSS,] [*include this text for Registered Notes which are to be held under the NSS*] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.]
	[No. Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, that is, held under the NSS [*include this text for Registered Notes which are to be held under the NSS*]]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.]
	[Not Applicable] *(In the case of an issue of CSD Notes, this will be Not Applicable)*

3. REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

(a)	Reasons for the offer:	[General corporate purposes]
		[The Notes constitute Green Financing Instruments and an amount equal to the net proceeds of the issue of the Notes will be used to finance or refinance, in whole or in part, the Issuer's investments in Eligible Assets, as further described in the Issuer's Green Funding Framework dated February 2024 (as amended or supplemented from time to time) available on the Issuer's website] [*For Green Financing Instruments only, include weblink for relevant framework and any other relevant information*]
		[*Specify other*]

4. PERFORMANCE OF FORMULA/CPI, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING *(Inflation Linked Notes and Inflation Linked Amortising Notes only)*

[Not Applicable]

[*Need to include details of where past and future performance and volatility of the formula/CPI can be obtained.*]

The Notes are linked to the performance of the Icelandic Consumer Price Index (CPI) produced based on data from Statistics Iceland

Information about the CPI can be obtained from the website of Statistics of Iceland being [https://www.statice.is/statistics/economy/prices/consumer-price-index/]

The Issuer [intends to provide post-issuance information [*specify what information will be reported and where it can be obtained*]] [does not intend to provide post-issuance information]

5. DISTRIBUTION

(a)	Method of distribution:	[Syndicated/Non-syndicated]
(b)	If syndicated, names of Managers:	[Not Applicable/*give names*]
(c)	Date of Subscription Agreement:	[ ]
(d)	Stabilising Manager(s) (if any):	[Not Applicable/*give name(s)*]
(e)	If non-syndicated, name of Dealer:	[Not Applicable/*give name*]
(f)	TEFRA applicability:	[TEFRA D/TEFRA C/TEFRA not applicable]
(g)	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] (*If the Notes clearly do not constitute "packaged" products or the Notes do constitute "packaged" products and a key information document will be prepared in the EEA, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.*)
(h)	Prohibition of Sales to UK Retail Investors:	[Applicable/Not Applicable] *(If the Notes clearly do not constitute "packaged" products or the Notes do constitute "packaged" products and a key information document will be prepared in the UK, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified.)*
(i)	Singapore Sales to Institutional and Accredited Investors only:	[Applicable/Not Applicable]

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The following are also the Terms and Conditions of the Notes which will be applicable to each CSD Note. CSD Notes will not be evidenced by any physical note or document of title other than statements of account made by the CSD. The applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note.

This Note is one of a Series (as defined below) of Notes issued by Kvika banki hf. (the **Issuer**) pursuant to the Agency Agreement (as defined below).

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

(a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;

(b) any Global Note;

(c) any definitive Notes in bearer form (**Bearer Notes**) issued in exchange for a Global Note in bearer form;

(d) any definitive Notes in registered form (**Registered Notes**) (whether or not issued in exchange for a Global Note in registered form); and

(e) any Notes issued in uncertificated and dematerialised book entry form and cleared through the Nasdaq CSD Iceland (the **CSD**) (**CSD Notes**).

In the case of Bearer Notes, references to Notes shall be deemed to include any Coupons.

In the case of Notes other than CSD Notes, the Notes and the Coupons (as defined below) have the benefit of an amended and restated agency agreement (such agency agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 11 March 2025 and made between the Issuer, Citibank, N.A., London Branch in its capacities as issuing and principal paying agent and agent bank (the **Principal Paying Agent**, which expression shall include any successor principal paying agent, and, together with any substitute or additional paying agents appointed in accordance with the Agency Agreement, the **Paying Agents**) and Citibank Europe plc in its capacities as registrar (the **Registrar**, which expression shall include any successor registrar) and as transfer agent and the other transfer agents named therein (together with the Registrar, the **Transfer Agents**, which expression shall include any additional or successor transfer agents).

In the case of CSD Notes, the initial CSD account manager is the Issuer (the **CSD Account Manager**, which expression shall include any successor account manager in relation to CSD Notes) and the CSD Notes will have the benefit of the Agency Agreement to the extent specified therein. References herein to the **CSD Calculation Agent** shall mean the CSD Calculation Agent specified in the applicable Final Terms (as defined below) or (in the case of Exempt Notes) Pricing Supplement (as defined below) (or any successor calculation agent in relation to CSD Notes).

Interest bearing definitive Bearer Notes have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Registered Notes and Global Notes do not have Coupons or Talons attached on issue. Any reference herein to Coupons, Talons or related expressions shall not apply to CSD Notes. In the case of Definitive Bearer Notes only, any reference herein to Notes shall, unless the context otherwise requires, be deemed to include a reference to Coupons.

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

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

In the case of Notes other than CSD Notes, the Noteholders and the Couponholders are entitled to the benefit of the deed of covenant (the **Deed of Covenant**) dated 11 March 2025 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Principal Paying Agent, the Registrar and the other Paying Agents and the other Transfer Agents (such Agents and the Registrar being together referred to as the **Agents**).

References herein to **Exempt Notes** are to Notes for which no prospectus is required to be published under Regulation (EU) 2017/1129 (for the purposes of these Terms and Conditions (the **Conditions**), the **Prospectus Regulation**).

The final terms for this Note (or the relevant provisions thereof) are set out in (i) in the case of Notes other than Exempt Notes, Part A of a final terms document (**Final Terms**) attached to, endorsed on or otherwise deemed to apply to this Note which completes the Conditions or (ii) in the case of Exempt Notes, Part A of a pricing supplement (**Pricing Supplement**) attached to, endorsed on or otherwise deemed to apply to this Note which supplements, amends, modifies and replaces the Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References herein to the **applicable Final Terms** or (in the case of Exempt Notes) **applicable Pricing Supplement** are accordingly to Part A of the Final Terms or Pricing Supplement, as the case may be, (or the relevant provisions thereof) relating to the Notes.

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

Copies of the applicable Final Terms are also available for viewing at the registered office of the Issuer and of the Principal Paying Agent and copies may be obtained from those offices.

In the case of Exempt Notes, copies of the applicable Pricing Supplement may be obtained from the registered office of the Issuer and the offices of the Principal Paying Agent only by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Notes and identity.

The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement will prevail.

1. FORM, DENOMINATION AND TITLE

1.1 Form and denomination

The Notes are (i) in bearer form, (ii) in registered form as specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement and, in the case of definitive Notes, serially numbered or (iii) CSD Notes, in each case in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination. Bearer Notes may not be exchanged for Registered Notes or CSD Notes. Registered Notes may not be exchanged for Bearer Notes or CSD Notes. CSD Notes may not be exchanged for Bearer Notes or Registered Notes.

The Notes other than CSD Notes may be Fixed Rate Notes, Floating Rate Notes, Reset Notes, Zero Coupon Notes or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement. The CSD Notes may be Fixed Rate Notes, Floating Rate Notes, Reset Notes, Zero Coupon Notes, Inflation Linked Notes or Inflation Linked Amortising Notes or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement. The CSD Notes may also be Inflation Linked Notes or Inflation Linked Amortising Notes depending on the Redemption/Payment Basis shown in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement.

The Notes may be Senior Preferred Notes, Senior Non-Preferred Notes or Subordinated Notes, depending upon the Status shown in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement.

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

1.2 Title to Notes other than CSD Notes

This Condition 1.2 only applies to Notes other than CSD Notes.

Subject as set out below, title to the Bearer Notes and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking S.A. (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement or as may otherwise be approved by the Issuer and the Principal Paying Agent.

1.3 Title to CSD Notes

This Condition 1.3 only applies to CSD Notes.

The holder of a CSD Note will be the person evidenced (including any nominee) as such by a book entry in the records of the CSD. The person so evidenced as a holder of CSD Notes shall be treated as the holder of such Notes for all purposes and the expressions **Noteholder**, **holder of Notes** and **holder of CSD Notes** and related expressions shall be construed accordingly.

Title to the CSD Notes will pass by registration in the register between the direct or indirect accountholders at the CSD in accordance with the rules and procedures of the CSD.

CSD Notes will be transferable only in accordance with the rules and procedures for the time being of the CSD. References to the CSD shall, wherever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement or as may be otherwise approved by the Issuer, the Principal Paying Agent and the CSD Account Manager.

2. TRANSFERS OF REGISTERED NOTES

2.1 Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement.

2.2 Transfers of Registered Notes in definitive form

Subject as provided in Conditions 2.3 and 2.5 below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement). In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 10 to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

2.3 Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under Condition 6, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

2.4 Costs of registration

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

2.5 Exchanges and transfers of Registered Notes generally

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

3. STATUS OF THE NOTES

3.1 Status of the Senior Preferred Notes

This Condition 3.1 applies only to Senior Preferred Notes and references to "Notes" and "Noteholders" in this Condition shall be construed accordingly.

(a) The Notes are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves.

(b) In the event of a liquidation, dissolution or winding-up of, or analogous proceedings over the Issuer by way of exercise of public authority, claims of the Noteholders against the Issuer in respect of, or arising under, the Notes (including any amounts attributable to the Notes and any damages awarded for breach of any obligations thereunder) shall rank:

(i) (subject to such mandatory exceptions as are from time to time applicable under Icelandic law) at least *pari passu* with all other unsecured obligations of the Issuer from time to time outstanding;

(ii) senior to any Senior Non-Preferred Liabilities of the Issuer; and

(iii) junior to present or future claims of depositors of the Issuer.

3.2 Status of the Senior Non-Preferred Notes

This Condition 3.2 applies only to Senior Non-Preferred Notes and references to "Notes" and "Noteholders" in this Condition shall be construed accordingly.

(a) The Notes are direct, unconditional and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves.

(b) In the event of a liquidation, dissolution or winding-up of, or analogous proceedings over the Issuer by way of exercise of public authority, claims of the Noteholders against the Issuer in respect of, or arising under, the Notes (including any amounts attributable to the Notes and any damages awarded for breach of any obligations thereunder) shall rank:

(i) *pari passu* without preference among themselves;

(ii) *pari passu* with all other Senior Non-Preferred Liabilities of the Issuer;

(iii) senior to holders of all classes of share capital of the Issuer and any subordinated obligations or other securities of the Issuer which rank, or are expressed to rank, junior to the Senior Non-Preferred Liabilities of the Issuer (including, without limitation, any Subordinated Notes); and

(iv) junior to present or future claims of (a) depositors of the Issuer and (b) other unsubordinated creditors of the Issuer that are not creditors in respect of Senior Non-Preferred Liabilities of the Issuer.

3.3 Status of the Subordinated Notes

This Condition 3.3 applies only to Subordinated Notes and references to "Notes" and "Noteholders" in this Condition shall be construed accordingly.

(a) The Notes constitute subordinated and unsecured obligations of the Issuer and rank *pari passu* among themselves. The Notes are subordinated as described in Condition 3.3(b).

(b) In the event of a liquidation, dissolution or winding-up of, or analogous proceedings over the Issuer by way of exercise of public authority, claims of the Noteholders against the Issuer in respect of, or arising under, the Notes (including any amounts attributable to the Notes and any damages awarded for breach of any obligations thereunder) shall, subject to mandatory provisions of Icelandic law including but not limited to any Icelandic implementation of Article 48(7) of the BRRD, rank:

(i) *pari passu* without preference among themselves;

(ii) *pari passu* with present or future claims in respect of Parity Securities;

(iii) in priority to any present or future claims in respect of Junior Securities; and

(iv) junior to any present or future claims in respect of Senior Creditors.

3.4 Set-Off

Subject to applicable law, claims in respect of any Notes held by a Noteholder may not be set-off, or be the subject of a counterclaim or netting, by the relevant Noteholder against or in respect of any of its obligations to the Issuer or any other person and each Noteholder waives, and shall be treated for all purposes as if it had waived, any right that it might otherwise have to set-off, or to raise by way of counterclaim or netting, any of its claims in respect of any Notes, against or in respect of any of its obligations to the Issuer or any other person. If, notwithstanding the preceding sentence, any Noteholder receives or recovers any sum or the benefit of any sum in respect of any Note by virtue of such set-off, counterclaim or netting, it shall hold the same on trust for the Issuer and shall pay the amount thereof to the Issuer or, in the event of the winding-up of the Issuer, to the liquidator of the Issuer, to be held on trust for the Senior Creditors.

3.5 Definitions

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

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

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

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

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

CRD Implementing Measures means any regulatory capital rules or regulations, or other requirements, which are applicable to the Issuer or the Group, as the case may be, and which prescribe (alone or in conjunction with any other rules or regulations) the requirements to be fulfilled by financial instruments for their inclusion in the regulatory capital of the Issuer or the Group, as the case may be, (on a non-consolidated or consolidated basis) to the extent required by the CRD Directive or the CRR, including for the avoidance of doubt any regulatory technical standards released by the European Banking Authority (or any successor or replacement thereof);

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

FSA means the Financial Supervisory Authority of the Central Bank of Iceland (*Fjármálaeftirlitið*) or such other agency of Iceland which assumes or performs the functions which are performed by such authority;

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

Junior Securities means all classes of share capital of the Issuer and any present or future obligations of the Issuer which rank, or are expressed to rank, junior to the Subordinated Notes;

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

Parity Securities means any present or future instruments issued by the Issuer which are eligible, in whole or in part, to be recognised as Tier 2 Capital by the Relevant Regulator, any guarantee, indemnity or other contractual support arrangement entered into by the Issuer in respect of securities (regardless of name or designation) issued by a Subsidiary of the Issuer which is eligible, in whole or in part, to be recognised as Tier 2 Capital and any instruments issued, and subordinated guarantees, indemnities or other contractual support arrangements entered into by the Issuer which rank, or are expressed to rank, *pari passu* therewith, but, in each case, excluding Junior Securities;

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

Senior Creditors means (a) the depositors of the Issuer; (b) other unsubordinated creditors of the Issuer (including, without limitation, any Senior Non-Preferred Liabilities of the Issuer); and (c) subordinated creditors of the Issuer in respect of any present or future obligation of the

Issuer which by its terms is, or is expressed to be, subordinated in the event of liquidation, dissolution, winding-up of, or analogous proceedings over the Issuer, by way of exercise of public authority, to the claims of depositors and all other unsubordinated creditors of the Issuer, but which rank, or are expressed to rank, senior to Parity Securities and Junior Securities;

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

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

Tier 2 Capital means Tier 2 capital as described in Article 84(c) of the Act on Financial Undertakings and secondary legislation adopted on the basis of that act, as amended or replaced.

4. INTEREST

4.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(a) in the case of Fixed Rate Notes which are represented by a Global Note or which are CSD Notes, the aggregate outstanding nominal amount of the Fixed Rate Notes; or

(b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest, in accordance with this Condition 4.1, Condition 4.5 or Condition 4.6, as the case may be:

(i) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement:

(A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement) that would occur in one calendar year; or

(B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(ii) if "30/360" is specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In the Conditions:

Determination Period means each period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

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

4.2 Interest on Floating Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement; or

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

Such interest will be payable in respect of each Interest Period (which expression shall, in the Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date) (or if Condition 4.2(b)(ii) applies, the relevant payment date if the Notes become payable on a date other than an Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(A) in any case where Specified Periods are specified in accordance with Condition 4.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (2) below shall apply mutatis mutandis or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (1) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (2) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

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

In the Conditions, **Business Day** means a day which is:

(1) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre (other than T2) specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement;

(2) if T2 is specified as an Additional Business Centre in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System or any successor or replacement for that system (**T2**) is open; and

(3) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which T2 is open.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement.

(i) Screen Rate Determination for Floating Rate Notes not referencing SONIA

Where the Reference Rate specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement is a rate other than SONIA, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(A) the offered quotation; or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at the Relevant Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement) the Margin (if any), all as determined by (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

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

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

Unless otherwise stated in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, the Minimum Rate of Interest shall be deemed to be zero.

For the purposes of this Condition 4.2(b)(i):

Reference Banks means, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market; and, in the case of a determination of a Reference Rate that is not EURIBOR, the principal office in the Relevant Financial Centre of four major banks in the inter-bank market of the Relevant Financial Centre, in each case selected by (in the case of Notes other than CSD Notes) the Issuer or (in the case of CSD Notes) the CSD Calculation Agent.

Reference Rate shall mean (i) the Eurozone interbank offered rate (**EURIBOR**), (ii) the Norwegian interbank offered rate (**NIBOR**), (iii) the Stockholm interbank offered rate (**STIBOR**), or (iv) the Reykjavík interbank offered rate (**REIBOR**), in each case for the relevant period, as specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, subject as provided in Condition 4.3.

Relevant Financial Centre shall mean (i) Brussels, in the case of a determination of EURIBOR, (ii) Oslo, in the case of a determination of NIBOR, (iii) Stockholm, in the case of a determination of STIBOR, or (iv) Reykjavík, in the case of a determination of REIBOR, as specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement.

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

Relevant Time shall mean the time specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement.

(ii) Screen Rate Determination for Floating Rate Notes which reference SONIA

(A) Where the Reference Rate specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement is SONIA and Index Determination is specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement as not applicable:

(I) where the Calculation Method is specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement as being "Compounded Daily", the Rate of Interest applicable to the Notes for each Interest Period will (subject to Condition 4.3 and Condition 4.2(c) and subject as provided below) be the Compounded Daily Reference Rate plus or minus (as indicated in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement) the Margin, all as determined by (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Calculation Agent on the Interest Determination Date and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards.

(II) where the Calculation Method is specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement as being

"Weighted Average", the Rate of Interest applicable to the Notes for each Interest Period will (subject to Condition 4.3 and Condition 4.2(c) and subject as provided below) be the Weighted Average Reference Rate plus or minus (as indicated in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement) the Margin, all as determined by (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Calculation Agent on the Interest Determination Date and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards.

Subject to Condition 4.3, if, in respect of any London Banking Day, (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Calculation Agent, determines that the SONIA rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA rate shall be:

(1) (x) the Bank of England's Bank Rate (the **Bank Rate**) prevailing at 5.00 p.m. (or, if earlier, close of business) on the relevant London Banking Day; plus (y) the mean of the spread of the SONIA rate to the Bank Rate over the previous five days on which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads); or

(2) if the Bank Rate is not published by the Bank of England at 5.00 p.m. (or, if earlier, close of business) on the relevant London Banking Day, the SONIA rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding London Banking Day on which the SONIA rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors),

and, in each case, "r" will be interpreted accordingly.

Notwithstanding the paragraph above, and without prejudice to Condition 4.3, in the event of the Bank of England publishing guidance as to (x) how the SONIA rate is to be determined or (y) any rate that is to replace the SONIA rate, (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Calculation Agent shall, in accordance with the instructions of the Issuer, follow such guidance to the extent practicable and to the extent such guidance does not increase obligations or duties of (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Calculation Agent in order to determine the SONIA rate, for purposes of the Notes, for so long as the SONIA rate is not available or has not been published by the authorised distributors.

In the event that the Rate of Interest for the relevant Interest Period cannot be determined in accordance with the foregoing provisions by (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Calculation Agent, subject to Condition 4.3, the Rate of Interest for such Interest Period shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different

Margin or Maximum Rate of Interest or Minimum Rate of Interest (as specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement) is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period), (ii) if there is no such preceding Interest Determination Date and the relevant Interest Period is the first Interest Period for the Notes, the initial Rate of Interest which would have been applicable to such Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Period) or (iii) if there is no such preceding Interest Determination Date and the relevant Interest Period is not the first Interest Period for the Notes, the Rate of Interest which applied to the immediately preceding Interest Period.

If the Notes becomes due and payable in accordance with Condition 9, the last Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date.

For the purposes of this Condition 4.2(b)(ii)(A):

If **Payment Delay** is specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement as being applicable, all references in the Conditions to interest on the Notes being payable on an Interest Payment Date shall be read as reference to interest on the Notes being payable on an Effective Interest Payment Date instead;

Applicable Period means:

(i) where **Lag**, **Lock-out** or **Payment Delay** is specified as the Observation Method in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, Interest Period; and

(ii) where **Observation Shift** is specified as the Observation Method in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, Observation Period;

Calculation Method has the meaning given in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement;

Compounded Daily Reference Rate means, with respect to an Interest Period, the rate of return of a daily compound interest investment in Sterling (with SONIA as the reference rate for the calculation of interest) and will be calculated by (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Calculation Agent at the relevant Interest Determination Date as follows, and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[\prod_{i=1}^{do}\left(1+\frac{r_{i-pBD}x\,n_i}{D}\right)-1\right]x\,\frac{D}{d}$$

where:

D is the number specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement;

d means, for the relevant Applicable Period, the number of calendar days in such Applicable Period;

d_o means, for the relevant Applicable Period, the number of London Banking Days in such Applicable Period;

Effective Interest Payment Date means any date or dates specified as such in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement;

i means, for the relevant Applicable Period, a series of whole numbers from one to d_0, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in such Applicable Period;

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

London Banking Day or **BD**, means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

n_i, for any London Banking Day *i* in the Applicable Period, means the number of calendar days from, and including, such London Banking Day *i* up to but excluding the following London Banking Day;

Observation Method shall be as set out in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement;

Observation Period means, in respect of the relevant Interest Period, the period from, and including, the date falling *p* London Banking Days prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date which is *p* London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling *p* London Banking Days prior to such earlier date, if any, on which the Notes become due and payable);

p means, for any Interest Period:

(i) where "Lag" is specified as the Observation Method in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, the number of London Banking Days included in the Observation Look-back Period specified in the applicable Final Terms or (in the case of

Exempt Notes) Pricing Supplement (or, if no such number is specified five London Banking Days);

(ii) where "Lock-out" is specified as the Observation Method in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, zero;

(iii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, the number of London Banking Days included in the Observation Look-back Period specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement (or, if no such number is specified, five London Banking Days);

r means:

(i) where in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, either "Lag" or "Observation Shift" is specified as the Observation Method, in respect of any London Banking Day, the SONIA rate in respect of such London Banking Day;

(A) where in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, "Lock-out" is specified as the Observation Method: in respect of any London Banking Day "i" that is a Reference Day, the SONIA rate in respect of the London Banking Day immediately preceding such Reference Day, and

(B) in respect of any London Banking Day "i" that is not a Reference Day (being a London Banking Day in the Lock-out Period), the SONIA rate in respect of the London Banking Day immediately preceding the last Reference Day of the relevant Interest Period (such last Reference Day coinciding with the Interest Determination Date);

(ii) where in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, "Payment Delay" is specified as the Observation Method, in respect of any London Banking Day, the SONIA rate in respect of such London Banking Day, provided however that, in the case of the last Interest Period, in respect of each London Banking Day in the period from (and including) the Rate Cut-off Date to (but excluding) the Maturity Date or the date fixed for redemption, as applicable, "r" shall be the SONIA rate in respect of the Rate Cut-off Date;

Rate Cut-off Date has the meaning given in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement;

Reference Day means each London Banking Day in the relevant Interest Period, other than any London Banking Day in the Lock-out Period;

ri-pBD means the applicable Reference Rate as set out in the definition of "r" above for, (i) where, in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, "Lag" is specified as the Observation Method, the

London Banking Day (being a London Banking Day falling in the relevant Observation Period) falling "p" London Banking Days prior to the relevant London Banking Day "i" or, (ii) otherwise, the relevant London Banking Day "i";

SONIA means, in respect of any London Banking Day, a reference rate equal to the daily Sterling Overnight Index Average rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors in each case on the London Banking Day immediately following such London Banking Day; and

Weighted Average Reference Rate means:

(i) where "Lag" is specified as the Observation Method in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, the arithmetic mean of the SONIA in effect for each calendar day during the relevant Observation Period, calculated by multiplying each relevant SONIA by the number of calendar days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Observation Period. For these purposes the SONIA in effect for any calendar day which is not a London Banking Day shall be deemed to be the SONIA in effect for the London Banking Day immediately preceding such calendar day; and

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

(B) If the Reference Rate specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement is SONIA and Index Determination is specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement as being applicable, the Rate of Interest applicable to the Notes for each Interest Period will be the compounded daily reference rate for the relevant Interest Period, calculated in accordance with the following formula and to the Relevant Decimal Place, all as determined and calculated by (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Calculation Agent on the relevant Interest Determination Date plus or minus (as indicated in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement) the Margin:

$$\left(\frac{Compounded\ Index\ End}{Compounded\ Index\ Start}-1\right)x\,\frac{Numerator}{d}$$

For the purposes of this Condition 4.2(b)(ii)(B):

Compounded Index End means the relevant SONIA Compounded Index value on the day falling *p* London Banking Days prior to the Interest Payment Date for such Interest Period, or such other date on which the relevant payment of interest falls due (but which, by its definition or the operation of the relevant provisions, is excluded from such Interest Period);

Compounded Index Start means the relevant SONIA Compounded Index value on the day falling *p* London Banking Days prior to the first day of the relevant Interest Period;

d is the number of calendar days from (and including) the day on which the relevant Compounded Index Start is determined to (but excluding) the day on which the relevant Compounded Index End is determined;

London Banking Day means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

Numerator shall, unless otherwise specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, be 365;

p shall, unless otherwise specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, be five (representing a number of London Banking Days);

Relevant Decimal Place shall, unless otherwise specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, be the fifth decimal place rounded, if necessary (with 0.000005 being rounded upwards);

SONIA Compounded Index means the compounded daily SONIA rate as published at 10:00 (London time) by the Bank of England (or a successor administrator of SONIA) on the Bank of England's Interactive Statistical Database, or any successor source; and

Provided that a Benchmark Event has not occurred in respect of SONIA, if, with respect to any Interest Period, the relevant Compounded Index Start and/or Compounded Index End is not published by the administrator, (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Calculation Agent shall calculate the Rate of Interest for that Interest Period in accordance with Condition 4.2(b)(ii)(A) as if Index Determination was not specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement as being applicable. For these purposes, (i) the Calculation Method shall be deemed to be Compounded Daily, (ii) the Observation Method shall be deemed to be Observation Shift, (iii) the Observation Look-back Period shall be deemed to be p, (v) D shall be deemed to be the Numerator and (vi) the Relevant Screen Page will be determined by the Issuer in consultation with (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Calculation Agent. If a Benchmark Event has occurred in respect of SONIA, the provisions of Condition 4.3 shall apply *mutatis mutandis* in respect of this 4.2(b)(ii)(B).

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

If the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement specify a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement specify a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

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

The (in the case of Notes other than CSD Notes) Principal Paying Agent or (in the case of CSD Notes) CSD Calculation Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The (in the case of Notes other than CSD Notes) Principal Paying Agent or (in the case of CSD Notes) CSD Calculation Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

(i) in the case of Floating Rate Notes which are represented by a Global Note or which are CSD Notes, the aggregate outstanding nominal amount of the Notes; or

(ii) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4.2 or Condition 4.6, as the case may be:

(A) if "Actual/Actual (ISDA)" or "Actual/Actual" or "Actual/365" is specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(B) if "Actual/365 (Fixed)" is specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, the actual number of days in the Interest Period divided by 365;

(C) if "Actual/365 (Sterling)" is specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(D) if "Actual/360" is specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, the actual number of days in the Interest Period divided by 360;

(E) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

Y_1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D_1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(F) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

Y_1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30;

(G) if "30E/360 (ISDA)" is specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

Y_1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30.

(e) Linear Interpolation

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate, one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Issuer shall determine such rate at such time and by reference to such sources as it determines appropriate.

Designated Maturity means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(f) Notification of Rate of Interest and Interest Amounts

The (in the case of Notes other than CSD Notes) Principal Paying Agent or (in the case of CSD Notes) CSD Calculation Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange or other relevant authority on which the relevant Floating Rate Notes are for the time being listed or by which they have been admitted to listing and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange or other relevant authority on which the relevant Floating Rate Notes are for the time being listed or by which they have been admitted to listing and to the Noteholders in accordance with Condition 13. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

4.3 Reference Rate Replacement

If:

(a) the Notes are Reset Notes and Mid-Swap Rate is specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement as the Reset Reference Rate; or

(b) the Notes are Floating Rate Notes,

and, in each case, if Reference Rate Replacement is also specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement as being applicable, then the provisions of this Condition 4.3 shall apply.

If notwithstanding the provisions of Condition 4.2(b)(i) or Condition 4.4(b), the Issuer determines that a Benchmark Event has occurred when any Rate of Interest (or any component thereof) remains to be determined by reference to the Original Reference Rate, then the following provisions shall apply:

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

(A) a Successor Reference Rate; or

(B) failing which, an Alternative Reference Rate,

and, in each case, an Adjustment Spread (if any) (in any such case, acting in good faith and in a commercially reasonable manner) no later than the relevant IA Determination Cut-off Date, for the purposes of determining the Rate of Interest (or the relevant component part thereof) applicable to the Notes for such next Interest Period and for all other future Interest Periods (subject to the subsequent operation of this Condition 4.3 during any other future Interest Period(s));

(ii) if a Successor Reference Rate or, failing which, an Alternative Reference Rate (as applicable) is determined by the Issuer in accordance with this Condition 4.3:

(A) such Successor Reference Rate or Alternative Reference Rate (as applicable) shall be the Original Reference Rate for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 4.3);

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

(x) determines that an Adjustment Spread is required to be applied to the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 4.3); or

(y) is unable to determine the quantum of, or a formula or methodology for determining, an Adjustment Spread, then the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread for all future Interest Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 4.3); and

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

(x) other changes to the Conditions which it determines are reasonably necessary in order to follow market practice in relation to the relevant Successor Reference Rate or Alternative Reference Rate and/or any Adjustment Spread (as applicable), including, but not limited to, (1) the Additional Business Centre(s), Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Reset Reference Rate, Reference Banks, Reset Reference Banks, Relevant Financial Centre, Relevant Screen Page, Relevant Time and/or Reset Determination Date (as applicable) applicable to the Notes and (2) the method for determining the fallback to the Rate of Interest in relation to the Notes if such Successor Reference Rate or Alternative Reference Rate (as applicable) is not available; and

(y) any other changes which the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines are reasonably necessary to ensure the proper operation and comparability to the Original Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable),

which changes shall apply to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 4.3); and

(D) promptly following the determination of (x) any Successor Reference Rate or Alternative Reference Rate (as applicable) and (y) if applicable, any Adjustment Spread, the Issuer shall give notice thereof and of any changes (and the effective date thereof) pursuant to Condition 4.3(b)(ii)(C) to (in the case of

Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Calculation Agent and the CSD Account Manager and each stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to listing and to the Noteholders in accordance with Condition 14.

No consent of the Noteholders shall be required in connection with effecting the relevant Successor Reference Rate or Alternative Reference Rate (as applicable) described in this Condition 4.3 or such other relevant changes pursuant to Condition 4.3(b)(ii), including for the execution of any documents or the taking of other steps by the Issuer or any of the parties to the Agency Agreement.

For the avoidance of doubt, if a Successor Reference Rate or an Alternative Reference Rate is not determined pursuant to the operation of this Condition 4.3 prior to the relevant IA Determination Cut-off Date, then the Rate of Interest for the next Interest Period shall be determined by reference to the fallback provisions of Condition 4.2(b)(i) or Condition 4.4(b) (as applicable).

In the case of Senior Preferred Notes (if applicable) and Senior Non-Preferred Notes only, notwithstanding any other provision of this Condition 4.3, no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 4.3 if, and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as MREL Eligible Liabilities or result in the Relevant Regulator treating the next Interest Payment Date as the effective maturity of the Notes, rather than the relevant Maturity Date.

In the case of Subordinated Notes only, notwithstanding any other provision of this Condition 4.3, no Successor Reference Rate or Alternative Reference Rate (as applicable) will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 4.3 if, and to the extent that, in the determination of the Issuer, the same could reasonably be expected to (i) prejudice the qualification of the Notes as Tier 2 Capital of the Issuer and/or (if applicable) MREL Eligible Liabilities or (ii) (if applicable) result in the Relevant Regulator treating the next Interest Payment Date as the effective maturity of the Notes, rather than the relevant Maturity Date.

An Independent Adviser appointed pursuant to this Condition 4.3 shall act in good faith and in a commercially reasonable manner and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Principal Paying Agent, the Paying Agents, the Noteholders or the Couponholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 4.3.

For the purposes of the Conditions:

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

(a) in the case of a Successor Reference Rate, is formally recommended in relation to the replacement of the Original Reference Rate with such Successor Reference Rate by any Relevant Nominating Body; or

(b) in the case of a Successor Reference Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Original Reference Rate, where such rate has been replaced by such Successor Reference Rate or the Alternative Reference Rate (as applicable); or

(c) if neither (a) nor (b) above applies, 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 relevant Successor Reference Rate or the Alternative Reference Rate (as applicable);

Alternative Reference Rate means an alternative benchmark or screen rate that the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the component part thereof) in respect of debt securities denominated in the Specified Currency and of a comparable duration:

(a) in the case of Floating Rate Notes, to the relevant Interest Periods; or

(b) in the case of Reset Notes, to the relevant Reset Periods,

or in any case, if the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines that there is no such rate, such other rate as it determines in its discretion is most comparable to the Original Reference Rate;

Benchmark Event means:

(a) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist or be administered; or

(b) the later of (A) the making of a public statement by the administrator of the Original Reference Rate that it will, on or before a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (B) the date falling six months prior to the specified date referred to in (ii)(A); or

(c) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued; or

(d) the later of (A) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (B) the date falling six months prior to the specified date referred to in (iv) (A); or

(e) the later of (A) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case on or before a specified date and (B) the date falling six months prior to the specified date referred to in (v)(A); or

(f) it has or will prior to the next Interest Determination Date or Reset Determination Date, as applicable, become unlawful for the (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Calculation Agent or any of the parties to the Agency Agreement to calculate any payments due to be made to the Noteholders using the Original Reference Rate; or

(g) the making of a public statement by the supervisor of the administrator of the Original Reference Rate announcing that the Original Reference Rate is no longer representative or may no longer be used;

IA Determination Cut-off Date means:

(a) if the Notes are Floating Rate Notes, in any Interest Period, the date that is no later than five Business Days prior to the Interest Determination Date relating to the immediately following Interest Period; or

(b) if the Reset Reference Rate is specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement as Mid-Swap Rate, in any Reset Period, the date that is no later than five Business Days prior to the Reset Determination Date relating to the next succeeding Reset Period;

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

MREL Eligible Liabilities means instruments which are available to meet any MREL Requirement (however called or defined by then Applicable MREL Regulations) of the Issuer or the Group, as the case may be, under Applicable MREL Regulations, including, for the avoidance of doubt, Subordinated Notes;

Original Reference Rate means:

(a) the benchmark or screen rate (as applicable) originally specified for the purpose of determining the relevant Rate of Interest (or any relevant component part(s) thereof) of the Notes; or

(b) any Successor Reference Rate or Alternative Reference Rate which has been determined in relation to such benchmark or screen rate (as applicable) pursuant to the operation of this Condition 4.3;

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

(a) the central bank for the currency to which such Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such Original Reference Rate; or

(b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which such Original Reference Rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such Original Reference Rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof; and

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

4.4 Interest on Reset Notes

(a) **Rate of Interest**

Each Reset Note bears interest:

(i) from (and including) the Interest Commencement Date to (but excluding) the First Reset Date (the **Initial Period**), at the Initial Rate of Interest;

(ii) for the First Reset Period, at the First Reset Rate of Interest; and

(iii) for each Subsequent Reset Period thereafter (if any) to (but excluding) the Maturity Date, at the relevant Subsequent Reset Rate of Interest.

Interest will be payable, in each case, in arrear on the Interest Payment Date(s) in each year specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of each Interest Period falling in the Initial Period will amount to the Fixed Coupon Amount. Payments of interest on the first Interest Payment Date will, if so specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, amount to the Broken Amount(s) so specified.

The (in the case of Notes other than CSD Notes) Principal Paying Agent or (in the case of CSD Notes) CSD Calculation Agent will, at or as soon as practicable after each time at which a Rate of Interest in respect of a Reset Period is to be determined, determine the relevant Rate of Interest for such Reset Period.

Except in the case of Notes in definitive form where a Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Calculation Agent will calculate the amount of interest (the **Reset Notes Interest Amount**) payable on the Reset Notes for any period by applying the relevant Rate of Interest to:

(A) in the case of Reset Notes which are represented by a Global Note or which are CSD Notes, the aggregate outstanding nominal amount of the Notes; or

(B) in the case of Reset Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Reset Note in definitive form is a multiple of the

Calculation Amount, the Reset Notes Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

(b) **Fallbacks**

If the Reset Reference Rate is specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement as Mid-Swap Rate and if on any Reset Determination Date, the Relevant Screen Page is not available or the Reset Reference Rate does not appear on the Relevant Screen Page as at the Relevant Time on such Reset Determination Date, the Rate of Interest applicable to the Notes in respect of each Interest Period falling in the relevant Reset Period will, subject as provided in Condition 4.3, as applicable, be determined by (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Calculation Agent on the following basis:

(i) (in the case of Notes other than CSD Notes) the Issuer or (in the case of CSD Notes) the CSD Calculation Agent shall request each of the Reset Reference Banks to provide (in the case of Notes other than CSD Notes) the Issuer or (in the case of CSD Notes) the CSD Calculation Agent with its Mid-Market Swap Rate Quotation as at approximately the Relevant Time on the Reset Determination Date in question;

(ii) if at least three of the Reset Reference Banks provide (in the case of Notes other than CSD Notes) the Issuer or (in the case of CSD Notes) the CSD Calculation Agent with the Mid-Market Swap Rate Quotations, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period will be equal to the sum of (A) the arithmetic mean (rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the relevant quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and (B) the Relevant Reset Margin, all as determined by (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Calculation Agent;

(iii) if only two relevant quotations are provided, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period will be equal to the sum of (A) the arithmetic mean (rounded as aforesaid) of the relevant quotations provided and (B) the Relevant Reset Margin, all as determined by (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Calculation Agent;

(iv) if only one relevant quotation is provided, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) for the relevant Reset Period will be equal to the sum of (A) the relevant quotation provided and (B) the Relevant Reset Margin, all as determined by (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Calculation Agent;

(v) if none of the Reset Reference Banks provides (in the case of Notes other than CSD Notes) the Issuer or (in the case of CSD Notes) the CSD Calculation Agent with a Mid-Market Swap Rate Quotation as provided in the foregoing provisions of this Condition 4.4, the First Reset Rate of Interest or the Subsequent Reset Rate of Interest (as applicable) will be equal to the sum of (A) the relevant Reset Reference Rate determined on the last preceding Reset Determination Date and (B) the Relevant Reset Margin or, in the case of the first Reset Determination Date, the First Reset Rate of Interest will be equal to the sum of:

(A) if Initial Mid-Swap Rate Final Fallback is specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement as being applicable, (A) the Initial Mid-Swap Rate and (B) the Relevant Reset Margin;

(B) if Reset Maturity Initial Mid-Swap Rate Final Fallback is specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement as being applicable, (A) the Reset Period Maturity Initial Mid-Swap Rate and (B) the Relevant Reset Margin; or

(C) if Last Observable Mid-Swap Rate Final Fallback is specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement as being applicable, (A) the last observable rate for swaps in the Specified Currency with a term equal to the relevant Reset Period which appears on the Relevant Screen Page and (B) the Relevant Reset Margin,

all as determined by (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Calculation Agent.

(c) **Reset Reference Rate Conversion**

This Condition 4.4(c) is only applicable if Reset Reference Rate Conversion is specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement as being applicable. The First Reset Rate of Interest and, if applicable, each Subsequent Reset Rate of Interest will be converted by (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Calculation Agent from the Original Reset Reference Rate Payment Basis specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement to a basis which matches the per annum frequency of Interest Payment Dates in respect of the Notes (such calculation to be determined by the Issuer in conjunction with a leading financial institution selected by it).

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

In respect of a Reset Period, (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Calculation Agent will cause the relevant Rate of Interest in respect of such Reset Period and each Reset Notes Interest Amount for each Interest Period falling in such Reset Period to be notified to the Issuer and any stock exchange or other relevant authority on which the relevant Reset Notes are for the time being listed or by which they have been admitted to listing and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day (as defined in Condition 4.2(f)) thereafter. Each Reset Notes Interest Amount so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Reset Notes are for the time being listed or by which they have been admitted to listing and to the Noteholders in accordance with Condition 13.

For the purposes of the Conditions:

Day Count Fraction has the meaning given in Condition 4.2(d);

Fallback Relevant Time has the meaning given in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement;

Federal Reserve Bank of New York's Website means the website of the Federal Reserve Bank of New York at http://www.newyorkfed.org, or any successor source;

First Reset Margin has the meaning given in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement;

First Reset Period means the period from (and including) the First Reset Date to (but excluding) the Second Reset Date or, if no such Second Reset Date is specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, the Maturity Date;

First Reset Period Fallback Yield means the yield specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement;

First Reset Rate of Interest means, in respect of the First Reset Period and, if applicable, subject to Condition 4.4(b) and 4.4(c), the rate of interest determined by (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Reference Rate and the First Reset Margin;

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

Interest Period has the meaning given in Condition 4.2(a);

Mid-Market Swap Rate means, subject as provided in Condition 4.3, if applicable, for any Reset Period the arithmetic mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the Original Reset Reference Rate Payment Basis (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Issuer) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating leg based on the Mid-Swap Floating Leg Benchmark Rate for the Mid-Swap Floating Leg Maturity (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Issuer);

Mid-Market Swap Rate Quotation means a quotation (expressed as a percentage rate per annum) for the relevant Mid-Market Swap Rate;

Mid-Swap Floating Leg Benchmark Rate means EURIBOR (if the Specified Currency is euro); NIBOR (if the Specified Currency is Norwegian Kroner); STIBOR (if the Specified Currency is Swedish Krona); REIBOR (if the Specified Currency is króna) or (in the case of any other Specified Currency) the benchmark rate most closely connected with such Specified Currency and selected by the Issuer, subject as provided in Condition 4.4, if applicable;

Original Reset Reference Rate Payment Basis has the meaning given in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement. In the case of Notes other than Exempt Notes, the Original Reset Reference Rate Payment Basis shall be annual, semi-annual, quarterly or monthly;

Rate of Interest means the Initial Rate of Interest, the First Reset Rate of Interest or the relevant Subsequent Reset Rate of Interest, as applicable;

Reference Bond means, in relation to any Reset Period, a government security or securities issued by the state responsible for issuing the Specified Currency (which, if the Specified Currency is euro, shall be Germany), as selected by the Issuer on the advice of an investment bank of international repute, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the Specified Currency and of a comparable maturity to such Reset Period;

Reference Bond Quotation means, in relation to a Reset Reference Bank and a Reset Determination Date:

(i) if Reference Bond is specified as the Reset Reference Rate in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, the arithmetic mean, as determined by (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Calculation Agent of the bid and offered yields for the relevant Reference Bond provided to (in the case of Notes other than CSD Notes) the Issuer or (in the case of CSD Notes) the CSD Calculation Agent by such Reset Reference Bank at approximately the Relevant Time on such Reset Determination Date; or

(ii) if CMT Rate is specified as the Reset Reference Rate in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, the rate, as determined by the Issuer, of the Original Reset Reference Rate Payment Basis yield-to-maturity based on the secondary market bid price of such Reset Reference Bank for the relevant Reset United States Treasury Security at approximately the Fallback Relevant Time on the United States Government Securities Business Day following such Reset Determination Date;

Relevant Reset Margin means, in respect of a Reset Period, whichever of the First Reset Margin or the Subsequent Reset Margin is applicable for the purpose of determining the Rate of Interest in respect of such Reset Period;

Reset Date means the First Reset Date, the Second Reset Date and each Subsequent Reset Date (as applicable);

Reset Period means the First Reset Period or a Subsequent Reset Period, as the case may be;

Reset Period Maturity Initial Mid-Swap Rate has the meaning given in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement;

Reset Reference Bank Rate means, in relation to a Reset Period and the Reset Determination Date in relation to such Reset Period, the rate (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) determined on the basis of the Reference Bond Quotations provided by the Reset Reference Banks to (in the case of Notes other than CSD Notes) the Issuer or (in the case of CSD Notes) the CSD Calculation Agent at approximately:

(i) if Reference Bond is specified as the Reset Reference Rate in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, the Relevant Time on such Reset Determination Date; or

(ii) if CMT Rate is specified as the Reset Reference Rate in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, the Fallback Relevant Time on the United States Government Securities Business Day following such Reset Determination Date.

If at least three such Reference Bond Quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean (rounded as aforesaid) of the Reference Bond Quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two Reference Bond Quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean (rounded as aforesaid) of the Reference Bond Quotations provided. If fewer than two Reference Bond Quotations are provided, the Reset Reference Bank Rate for the relevant Reset Period will be (i) in the case of each Reset Period other than the First Reset Period, the Reset Reference Bank Rate in respect of the immediately preceding Reset Period or (ii) in the case of the First Reset Period, the First Reset Period Fallback Yield;

Reset Reference Banks means:

(i) if Mid-Swap Rate is specified as the Reset Reference Rate in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, the principal office in the principal financial centre of the Specified Currency of four major banks in the swap, money, securities or other market most closely connected with the relevant Reset Reference Rate;

(ii) if Reference Bond is specified as the Reset Reference Rate in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, the principal office in the principal financial centre of the Specified Currency of four major banks which are primary government securities dealers or market makers in pricing corporate bond issues denominated in the Specified Currency; or

(iii) if CMT Rate is specified as the Reset Reference Rate in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, five major banks which are primary United States Treasury Securities dealers or market makers in pricing corporate bond issues denominated in U.S. dollars, as published on the Federal Reserve Bank of New York's Website,

in each case, as selected by the Issuer.

Reset Reference Rate means, in relation to a Reset Determination Date and subject to Condition 4.3 and Condition 4.4(b), if applicable:

(i) if Mid-Swap Rate is specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement:

  (A) if Single Mid-Swap Rate is further specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, the rate for swaps in the Specified Currency:

    (I) with a term equal to the relevant Reset Period; and

    (II) commencing on the relevant Reset Date,

  which appears on the Relevant Screen Page; or

  (B) if Mean Mid-Swap Rate is specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered swap rate quotations for swaps in the Specified Currency:

(I) with a term equal to the relevant Reset Period; and

(II) commencing on the relevant Reset Date,

which appear on the Relevant Screen Page,

in either case, as at approximately the Relevant Time on such Reset Determination Date, all as determined by (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Calculation Agent; or

(ii) if Reference Bond is specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement:

(A) if a Relevant Screen Page is specified in the applicable Final Terms or Pricing Supplement, the arithmetic mean (expressed as a percentage rate per annum and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered yields of the relevant Reference Bond, as determined by (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Calculation Agent by reference to the Relevant Screen Page at the Relevant Time on such Reset Determination Date; or

(B) if (i) a Relevant Screen Page is so specified and such rate does not appear on the Relevant Screen Page at such Relevant Time on such Reset Determination Date or (ii) a Relevant Screen Page is not so specified, the Reset Reference Bank Rate on such Reset Determination Date; or

(iii) if CMT Rate is specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement and if the Specified Currency is U.S. dollars, the rate which is equal to:

(A) the Original Reset Reference Rate Payment Basis yield for United States Treasury Securities at “constant maturity” for a designated maturity which is equal or comparable to the duration of the relevant Reset Period, as published in H.15 under the caption “Treasury constant maturities (nominal)”, as that yield is displayed on such Reset Determination Date, on the Relevant Screen Page; or

(B) if the yield referred to in paragraph (i) above is not published by the Relevant Time on the Relevant Screen Page on such Reset Determination Date, the Original Reset Reference Rate Payment Basis yield for the United States Treasury Securities at “constant maturity” having a period to maturity which is equal or comparable to the duration of the relevant Reset Period as published in H.15 under the caption “Treasury constant maturities (nominal)” on such Reset Determination Date; or

(C) if neither the yield referred to in paragraph (i) above nor the yield referred to in paragraph (ii) above is published on such Reset Determination Date, the Reset Reference Bank Rate on such Reset Determination Date,

in each case, all as determined by (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Calculation Agent;

Reset United States Treasury Security means, in relation to a Reset Determination Date, the United States Treasury Security:

(i) with an original term to maturity upon issue of approximately the duration of the relevant Reset Period and a remaining term to maturity of not less than one year less than the duration of the relevant Reset Period; and

(ii) which is in a principal amount equal to at least U.S.$1,000,000,000;

Subsequent Reset Margin has the meaning given in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement;

Subsequent Reset Period means the period from (and including) the Second Reset Date to (but excluding) the next Subsequent Reset Date, and each successive period from (and including) a Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date or the Maturity Date, as the case may be;

Subsequent Reset Rate of Interest means, in respect of any Subsequent Reset Period and, if applicable, subject to Condition 4.4(b) and Condition 4.4(c), the rate of interest determined by (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Reference Rate and the relevant Subsequent Reset Margin;

United States Government Securities Business Day means any day except for a Saturday, Sunday or a day on which, due to a recommendation of the Securities Industry and Financial Markets Association (or its successor), the fixed income departments of its members are closed for the entire day for purposes of trading in U.S. government securities; and

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

4.5 Interest on Inflation Linked Notes

This Condition 4.5 only applies to CSD Notes.

Each Inflation Linked Note bears interest from (and including) the Interest Commencement Date at the rate per annum equal to the Rate of Interest multiplied by the Index Ratio (as defined in Condition 5.8) below. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date or any earlier Interest Payment Date on which the Notes are redeemed in full.

If interest is required to be calculated for a period other than an Interest Period, such interest shall be calculated in respect of any period by applying the Rate of Interest multiplied by the Index Ratio (as defined in Condition 5.8) to the aggregate outstanding nominal amount of the Inflation Linked Notes and multiplying such sum by the applicable Day Count Fraction (as defined in Condition 4.1), and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

4.6 Interest on Inflation Linked Amortising Notes

This Condition 4.6 only applies to CSD Notes.

Each Inflation Linked Amortising Note bears interest from (and including) the Interest Commencement Date at the rate per annum equal to the Rate of Interest payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If interest is required to be calculated for a period other than an Interest Period such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction (as defined in Condition 4.1 or, as the case may be, Condition 4.2(d)), and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub unit being rounded upwards or otherwise in accordance with applicable market convention.

4.7 Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of Condition 4.2 and 4.4 by an Independent Adviser, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Principal Paying Agent, the CSD Calculation Agent and CSD Account Manager, the other Agents (each if applicable) and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Principal Paying Agent, the CSD Calculation Agent or such Independent Adviser (each if applicable) in connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.

4.8 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Principal Paying Agent, the CSD Account Manager or the Registrar, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 13.

5. PAYMENTS

5.1 Method of payment

Subject as provided below:

(a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and

(b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

5.2 Presentation of definitive Bearer Notes and Coupons

Payments of principal in respect of definitive Bearer Notes will be made in the manner provided in Condition 5.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Reset Note, Inflation Linked Note, Inflation Linked Amortising Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

5.3 Payments in respect of Bearer Global Notes

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

5.4 Payments in respect of Registered Notes

Payments of principal in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the **Register**) (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (a) a holder does not have a Designated Account or (b) the principal amount of the Notes held by a holder is less than €100,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese yen to a non resident of Japan, shall be a non resident account) maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the **Record Date**) at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

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

5.5 General provisions applicable to payments

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

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

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

(b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

5.6 Payment Day

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 8) is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

(i) in the case of Notes in definitive form only, the relevant place of presentation;

(ii) each Additional Financial Centre (other than T2) specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement; or

(iii) if T2 is specified as an Additional Financial Centre in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, a day on which T2 is open; and

(b) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which T2 is open.

5.7 Interpretation of principal and interest

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

(a) the Final Redemption Amount of the Notes;

(b) the Early Redemption Amount of the Notes;

(c) the Optional Redemption Amount(s) (if any) of the Notes;

(d) the Clean-up Redemption Amount (if any) of the Notes;

(e) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6.7(b)); and

(f) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

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

5.8 Payments in respect of Inflation Linked Amortising Notes

This Condition 5.8 only applies to CSD Notes.

(a) If this is an Inflation Linked Amortising Note, the Issuer shall, on each relevant Interest Payment Date, make a combined payment of principal due under Condition 6.14, interest due under Condition 4.6 and any indexation amount (together, the **Annuity Amount**) as calculated by (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Calculation Agent in accordance with the following formula:

$$P = \frac{r}{1 - (1 + r)^{-n}} \times IR \times d$$

where:

P = The combined payment of principal, interest and indexation amount of the Notes;

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

c = The Rate of Interest applicable to the Notes;

d = The Specified Denomination of the Notes;

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

IR =The Index Ratio as determined in accordance with subparagraph (b) below

(b) The value of the Index Ratio (**Index Ratio** or **IR**) on the relevant Interest Payment Date shall be the value of the Reference Index (**RI**) applicable to the relevant Interest Payment Date divided by the value of the Base Index (**BI**) as calculated by (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Calculation Agent:

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

where:

Reference Index or **RI** means:

(i) for the first day of the relevant calendar month, the value of the Consumer Price Index (the **CPI**) for the relevant month as calculated by Statistics Iceland pursuant to the Consumer Price Index Act of 1995 (*lög um vísitölu neysluverðs nr.* 12/1995) and published monthly in the Legal Gazette (*Lögbirtingarblaðið*);

(ii) for each day in the relevant calendar month other than the first day:

(A) if the CPI for the calendar month immediately succeeding the month in which the relevant Interest Payment Date falls (the **Succeeding Month CPI**) has been published as at the relevant Interest Payment Date:

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

(B) if the Succeeding Month CPI has not been published as at the relevant Interest Payment Date:

$$\text{RI} = CPI_t \times (1 + i)^{\frac{d}{360}}$$

where:

RI = Reference Index;

CPI_t =CPI value for the first day of the relevant calendar month;

CPI_{t+1} =Succeeding Month CPI;

d = number of days since the first day of the month; and

i = annualised inflation forecast of the Central Bank of Iceland

and

Base Index means the value specified in the applicable Final Terms or (in the case of Exempt Notes) the Pricing Supplement, being the value of the CPI on the relevant date specified in such Final Terms or (in the case of Exempt Notes) Pricing Supplement.

If at any time a new index is substituted for the CPI, as of the calendar month from and including that in which such substitution takes effect:

(i) the Reference Index shall be deemed to refer to the new index; and

(ii) the new Base Index shall be the product of the old Base Index prior to the change and the new Reference Index immediately following such substitution, divided by the old Reference Index immediately prior to such substitution.

5.9 Payments in respect of CSD Notes

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

6. REDEMPTION AND PURCHASE

6.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount in the relevant Specified Currency on the Maturity Date.

6.2 Redemption for tax reasons

Subject to the provisions of Condition 6.13, the Notes may, save as provided below, be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note, an Inflation Linked Note or an Inflation Linked Amortising Note) or on any Interest Payment Date (if this Note is a Floating Rate Note, an Inflation Linked Note or an Inflation Linked Amortising Note), on giving not less than 15 nor more than 60 days' notice (which notice shall be irrevocable) to (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Account Manager and, in accordance with Condition 13, the Noteholders, if as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 7) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the last Tranche of the Notes:

(a) on the occasion of the next payment due under the Notes, the Issuer:

   (i) has or will become obliged to pay additional amounts as provided or referred to in Condition 7; or

   (ii) in the case of Subordinated Notes only, would not be entitled to claim a full tax deduction in a Tax Jurisdiction in respect of such payment; and

(b) (in the case of paragraph (a)(i) above) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

(each a **Tax Event**) provided that (in the case of paragraph (a)(i) above) 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 Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Account Manager a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that a Tax Event has occurred.

Notes redeemed pursuant to this Condition 6.2 will be redeemed at their Early Redemption Amount referred to in Condition 6.6 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

The Issuer undertakes that any redemption of the Notes pursuant to this Condition 6.2 will only be made in compliance with all the requirements set out herein including, but not limited to, all payments being made in the Specified Currency.

6.3 Redemption upon a Capital Event – Subordinated Notes

This Condition 6.3 applies only to Subordinated Notes in relation to which this Condition 6.3 is specified as being applicable in the applicable Final Terms or (in the case of Exempt Notes) the Pricing Supplement, and references to "Notes" and "Noteholders" in this Condition shall be construed accordingly.

Subject to the provisions of Condition 6.13, the Notes may, save as provided below, be redeemed at the option of the Issuer, in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than 15 nor more than 60 days' notice (which notice shall be irrevocable) to (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Account Manager and, in accordance with Condition 13, the Noteholders, if a Capital Event occurs.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Account Manager a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred.

Notes redeemed pursuant to this Condition 6.3 will be redeemed at their Early Redemption Amount referred to in Condition 6.6 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

In the Conditions, the following expressions shall have the following meaning:

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

Capital Event means the determination by the Issuer, after consultation with the Relevant Regulator, that, as a result of a change (or any pending change which the Relevant Regulator considers sufficiently certain) in Icelandic law or Applicable Banking Regulations or any change (or any pending change which the Relevant Regulator considers sufficiently certain) in the official application or interpretation thereof becoming effective on or after the Issue Date of the last Tranche of the Notes, the Notes are or, as the case may be, will be excluded in whole or in part from the Tier 2 Capital of the Issuer and/or the Group, provided that: (i) such exclusion is not as a result of any applicable limitation on such capital and (ii) the Issuer satisfies the Relevant Regulator that such exclusion was not reasonably foreseeable at the time of the issuance of the Notes;

Group means the Issuer and its Subsidiaries taken as a whole; and

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

6.4 Redemption upon a MREL Disqualification Event

Subject to the provisions of Condition 6.13, if Condition 6.4 is specified as being applicable in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, the Notes may, save as provided below, be redeemed at the option of the Issuer, in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than 15 nor more than 60 days' notice (which notice shall be irrevocable) to (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Account Manager and, in accordance with Condition 13, the Noteholders, if a MREL Disqualification Event occurs.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Account Manager a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred.

Notes redeemed pursuant to this Condition 6.4 will be redeemed at their Early Redemption Amount referred to in Condition 6.6 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

In the Conditions, **MREL Disqualification Event** means the determination by the Issuer that, as a result of a change in any Applicable MREL Regulations becoming effective on or after the Issue Date of the last Tranche of the Notes, the Notes will be fully excluded or partially excluded from the MREL Eligible Liabilities if the Issuer or the Group is then or, as the case may be, will be subject to any MREL Requirement; provided that a MREL Disqualification Event shall not occur where such exclusion is or will be caused by (i) the remaining maturity of the Notes being less than any period prescribed by any applicable eligibility criteria under the Applicable MREL Regulations, (ii) the Notes being bought back by or on behalf of the

Issuer or (iii) any applicable limits on the amount of instruments permitted or allowed to meet any MREL Requirement(s) being exceeded.

6.5 Redemption at the option of the Issuer (Issuer Call)

Subject to the provisions of Condition 6.13, if Issuer Call is specified as being applicable in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, the Issuer may, save as provided below, having given:

(a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 13; and

(b) not less than 15 days before the giving of the notice referred to in (a) above, notice to (i) (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Account Manager and (ii) in the case of a redemption of Registered Notes, the Registrar;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount in each case as may be specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement.

In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected:

(i) individually by lot, in the case of Redeemed Notes represented by definitive Notes; or

(ii) in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), in the case of Redeemed Notes represented by a Global Note,

not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**).

In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 6.5 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 13 at least five days prior to the Selection Date.

The Issuer undertakes that any redemption of the Notes pursuant to this Condition 6.5 will only be made in compliance with all the requirements set out herein including, but not limited to, all payments being made in the Specified Currency.

6.6 Clean-up Redemption at the option of the Issuer (Clean-up Redemption Option)

Subject to the provisions of Condition 6.13, if Clean-up Redemption Option is specified as being applicable in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, in the event that at least 75 per cent. or any higher percentage specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement of the initial aggregate principal amount of a particular Series of Notes (which for the avoidance of doubt include any additional notes issued subsequently pursuant to Condition 15 and forming a single series with the first Tranche of a particular Series of Notes) has been redeemed or purchased by, or on behalf of, the Issuer or any of its subsidiaries, and in each case, cancelled (the **Clean-up Percentage**), the Issuer may, at its option, having given:

(a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 13; and

(b) not less than 15 days before the giving of the notice referred to in (a) above, notice to (i) (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Account Manager and (ii) in the case of a redemption of Registered Notes, the Registrar;

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem in whole, but not in part, the Notes then outstanding on the Clean-up Redemption Date and at the Clean-up Redemption Amount specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Clean-up Redemption Date.

6.7 Early Redemption Amounts

For the purpose of Condition 6.2, Condition 6.3 and Condition 6.4, each Note will be redeemed at its Early Redemption Amount calculated as follows:

(a) in the case of a Note (other than a Zero Coupon Note) the amount specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement or, if no such amount or manner is so specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, at its nominal amount; or

(b) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

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

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

y is the Day Count Fraction specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360 day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days form (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and payable and the denominator will be 365).

6.8 Purchases

Subject to the provisions of Condition 6.13, the Issuer or any Subsidiary of the Issuer may purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent and/or the Registrar for cancellation.

6.9 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 6.8 above (together with all unmatured Coupons and Talons cancelled therewith), shall be forwarded to (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Account Manager and cannot be reissued or resold.

6.10 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6.1, 6.2, 6.3, 6.4 or 6.5 above is improperly withheld or refused, the amount due and payable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6.7(b) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent, the CSD Account Manager or the Registrar and notice to that effect has been given to the Noteholders in accordance with Condition 13.

6.11 Substitution or Variation – Subordinated Notes

This Condition 6.11 applies only to Subordinated Notes and “Notes” and “Noteholders” in this Condition shall be construed accordingly.

If Condition 6.11 is specified as being applicable in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, and at any time a Capital Event or a Tax Event occurs, or to ensure the effectiveness or enforceability of Condition 17, subject to the provisions of Condition 6.13, the Issuer may, having given not less than 30 nor more than 60 days’ notice (which notice shall be irrevocable) to (in the case of Notes other than CSD Notes) the Principal

Paying Agent or (in the case of CSD Notes) the CSD Account Manager and, in accordance with Condition 13, the Noteholders, either substitute all, but not some only, of the Notes for, or vary the terms of the Notes (including changing the governing law of Condition 17 from English law to Icelandic law) so that they remain, or, as appropriate, become, Subordinated Qualifying Securities, provided that such substitution or variation does not itself give rise to any right of the Issuer to redeem the substituted or varied securities that are inconsistent with the redemption provisions of the Notes.

Prior to the publication of any notice of substitution or variation pursuant to this Condition, the Issuer shall deliver to (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Account Manager a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such substitution or variation and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to substitute or, as the case may be, vary the terms of the Notes, have occurred.

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

Subordinated Qualifying Securities means securities issued directly or indirectly by the Issuer that:

(a) other than in the case of a change to governing law of Condition 17 to Icelandic law in order to ensure the effectiveness and enforceability of Condition 17, have terms not materially less favourable to the Noteholders as a class than the terms of the Notes (as reasonably determined by the Issuer) and, subject thereto, they shall (i) have a ranking at least equal to that of the Notes prior to the relevant substitution or variation, as the case may be; (ii) have the same interest rate and the same Interest Payment Dates as those from time to time applying to the Notes prior to the relevant substitution or variation, as the case may be; (iii) have the same redemption rights as the Notes prior to the relevant substitution or variation, as the case may be; (iv) if immediately prior to the relevant substitution or variation, as the case may be, the Notes constitute Tier 2 Capital, comply with the then current requirements of the FSA in relation to Tier 2 Capital; (v) if Condition 6.12 is specified as applicable in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement and if immediately prior to the relevant substitution or variation, as the case may be, the Notes qualify as MREL Eligible Liabilities, comply with the then current requirements for such instruments provided for in the Applicable MREL Regulations in relation to the relevant MREL Requirement(s); (vi) preserve any existing rights under the Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of substitution or variation, as the case may be, or, if none, the Interest Commencement Date and (vii) where Notes which have been substituted or varied had a published solicited rating from a Rating Agency immediately prior to such substitution or variation, each such Rating Agency has ascribed, or announced its intention to ascribe, an equal or higher published solicited rating to the relevant Qualifying Securities; and

(b) are listed on a recognised stock exchange, if the Notes were listed immediately prior to such substitution or variation, as selected by the Issuer; and

Rating Agency means S&P Global Ratings Europe Limited or its successor.

6.12 Substitution or Variation – Senior Preferred Notes, Senior Non-Preferred Notes and Subordinated Notes

If Condition 6.12 is specified as being applicable in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, and at any time a MREL Disqualification Event or a Tax Event occurs, or to ensure the effectiveness or enforceability of Condition 17, subject to the provisions of Condition 6.13, the Issuer may, having given not less than 30 nor more than 60 days' notice (which notice shall be irrevocable) to (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Account Manager and, in accordance with Condition 13, the Noteholders, either substitute all, but not some only, of the Notes for, or vary the terms of the Notes (including changing the governing law of Condition 17 from English law to Icelandic law) so that they remain or, as appropriate, become, in the case of Senior Preferred Notes, Senior Preferred Qualifying Securities (as defined above), in the case of Senior Non-Preferred Notes, Senior Non-Preferred Qualifying Securities (as defined below) or, in the case of Subordinated Notes, Subordinated Qualifying Securities (as defined in Condition 6.11), as the case may be.

Prior to the publication of any notice of substitution or variation pursuant to this Condition, the Issuer shall deliver to (in the case of Notes other than CSD Notes) the Principal Paying Agent or (in the case of CSD Notes) the CSD Account Manager a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such substitution or variation and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to substitute or, as the case may be, vary the terms of the Notes, have occurred.

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

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

(a) other than in the case of a change to governing law of Condition 17 to Icelandic law in order to ensure the effectiveness and enforceability of Condition 17, have terms not materially less favourable to the Noteholders as a class than the terms of the Notes (as reasonably determined by the Issuer) and, subject thereto, they shall (i) include a ranking at least equal to that of the Notes prior to such substitution or variation, as the case may be; (ii) have the same interest rate and the same Interest Payment Dates as those from time to time applying to the Notes prior to such substitution or variation, as the case may be; (iii) have the same redemption rights as the Notes prior to the relevant substitution or variation, as the case may be; (iv) comply with the then current requirements in relation to "eligible liabilities" (or any equivalent or successor term) provided for in the Applicable MREL Regulations; (v) preserve any existing rights under the Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of substitution or variation, as the case may be, or, if none, the Interest Commencement Date; (vi) where the Notes which have been substituted or varied had a published solicited rating from a Rating Agency immediately prior to such substitution or variation, each such Rating Agency has ascribed, or announced its intention to ascribe, an equal or higher published solicited rating to the relevant Senior Non-Preferred Qualifying Securities, and (vii) not include any loss absorbing provisions such as principal write-offs, write-downs or conversion to equity, unless the triggers are objective and measurable; and

(b) are listed on a recognised stock exchange, if the Notes were listed immediately prior to such substitution or variation, as selected by the Issuer; and

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

(a) other than in the case of a change to governing law of Condition 17 to Icelandic law in order to ensure the effectiveness and enforceability of Condition 17, have terms not materially less favourable to the Noteholders as a class than the terms of the Notes (as reasonably determined by the Issuer) and, subject thereto, they shall (i) include a ranking at least equal to that of the Notes prior to such substitution or variation, as the case may be; (ii) have the same interest rate and the same Interest Payment Dates as those from time to time applying to the prior to such substitution or variation, as the case may be; (iii) have the same redemption rights as the Notes prior to the relevant substitution or variation, as the case may be; (iv) comply with the then current requirements in relation to "eligible liabilities" (or any equivalent or successor term) provided for in the Applicable MREL Regulations; (v) preserve any existing rights under the Notes to any accrued interest which has not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of substitution or variation, as the case may be, or, if none, the Interest Commencement Date; (vi) where the Notes which have been substituted or varied had a published solicited rating from a Rating Agency immediately prior to such substitution or variation, each such Rating Agency has ascribed, or announced its intention to ascribe, an equal or higher published solicited rating to the relevant Senior Preferred Qualifying Securities, and (vii) not include any loss absorbing provisions such as principal write-offs, write-downs or conversion to equity, unless the triggers are objective and measurable; and

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

6.13 Consent of the Relevant Regulator

In the case of Subordinated Notes, no early redemption in any circumstances, purchase under Condition 6.8 or substitution or variation under Condition 6.11, or, as the case may be, Condition 6.12, shall take place without the prior written consent of the Relevant Regulator (if and to the extent then required by the Relevant Regulator). In addition, in respect of any redemption of Subordinated Notes pursuant to Condition 6.2, 6.3 or 6.4 only, and except to the extent the Relevant Regulator no longer requires, the Issuer may only redeem such Notes before five years after the Issue Date of the last Tranche of the Notes if the Issuer demonstrates to the satisfaction of the Relevant Regulator that the circumstance that entitles it to exercise such right of redemption was not reasonably foreseeable as at the Issue Date of the last Tranche of the Notes. For the avoidance of doubt, redemption of Subordinated Notes under Condition 6.1 shall not require the consent of the Relevant Regulator.

In the case of Senior Preferred and Senior Non-Preferred Notes, no early redemption in any circumstances, purchase under Condition 6.8 or substitution or variation under Condition 6.12, shall take place without the prior written consent of the Relevant Regulator (if and to the extent then required by the Applicable Banking Regulations). For the avoidance of doubt, redemption of Senior Preferred and Senior Non-Preferred Notes under Condition 6.1 shall not require the consent of the Relevant Regulator.

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

This Condition 6.14 only applies to CSD Notes.

Unless previously redeemed or purchased and cancelled, each Inflation Linked Amortising Note will, subject to Condition 5.8, be redeemed in one or more amounts constituting payments of principal in relation to such Inflation Linked Amortising Note, in the relevant Specified Currency on the relevant Interest Payment Dates, calculated in accordance with the following formula:

$$A = \frac{r(1+r)^{k-1}}{(1+r)^{n}-1} \times d$$

where:

A =The amount of each instalment of the Notes;

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

c = The Rate of Interest applicable to the Notes;

d = The Specified Denomination of the Notes;

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

k =The number of payments that have already taken place + 1 (*k = 1 for the first payment, k = 2 for the second payment, etc.*)

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

6.15 Calculation of principal payments in respect of Inflation Linked Notes

This Condition 6.15 only applies to CSD Notes.

Unless previously redeemed or purchased and cancelled, each Inflation Linked Note will be redeemed in one or more amounts constituting payments of principal in relation to such Inflation Linked Note, in the relevant Specified Currency on the relevant Interest Payment Dates, calculated in accordance with the following formula:

P = N × IR

where:

P = the Final Redemption Amount per Specified Denomination of each Inflation Linked Note;

N = the Specified Denomination (as specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement) for each Inflation Linked Note; and

IR = the Index Ratio as set out in Condition 5.8(b), above.

7. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax

Jurisdiction unless such withholding or deduction is required by law. In such event, in the case of a payment of interest only, the Issuer will pay such additional amounts (**Additional Amounts**) as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable with respect to any Note or Coupon:

(a) presented for payment in Iceland; or

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

(c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an Additional Amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5.6); or

(d) on account of any tax, assessment or other governmental charge that is imposed or withheld by reason of the application of Section 1471 through 1474 of the Code (or any successor provisions), any regulation, pronouncement or agreement thereunder, official interpretations thereof, or any intergovernmental agreement or any law implementing an intergovernmental approach thereto, whether currently in effect or as published and amended from time to time.

As used herein:

(i) **Tax Jurisdiction** means Iceland or any political subdivision or any authority thereof or therein having power to tax; and

(ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent, the CSD Account Manager or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

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 Notes and Coupons provided the Notes 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 Notes with the Directorate of Internal Revenue in Iceland. The Issuer undertakes to ensure that any Notes are registered and accepted for clearance with an Eligible Securities Depository (which would include Euroclear, Clearstream, Luxembourg and the CSD) and to register any Notes with the Directorate of Internal Revenue in Iceland on or prior to the Issue Date of the Notes 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 Notes as aforesaid or the Notes being in definitive form and held outside an Eligible Securities Depository or the Notes otherwise ceasing to be registered with an Eligible Securities Depository or for any other reason and any payment in respect of the Notes 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 of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction (and the exceptions set out in paragraphs (a) to (d) above shall not be applicable).

8. PRESCRIPTION

The Notes (in whatever form) and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5.2 or any Talon which would be void pursuant to Condition 5.2.

9. ENFORCEMENT EVENTS

The following events or circumstances (each an **Enforcement Event**) shall constitute enforcement events in relation to the Notes:

(a) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of three days in the case of principal and seven days in the case of interest, any Noteholder may, at its own discretion and without further notice, institute proceedings in Iceland in order to recover the amounts due from the Issuer to such Noteholder, provided that a Noteholder may not at any time file for liquidation or bankruptcy of the Issuer. Any Noteholder may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Notes, provided that the Issuer shall not by virtue of the institution of any proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it; and

(b) if an order is made or an effective resolution is passed for the liquidation or bankruptcy of the Issuer, then the Notes shall become due and payable at their outstanding principal amount together with interest (if any) accrued to such date.

10. REPLACEMENT OF NOTES, COUPONS AND TALONS

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

11. AGENTS

The names of the initial Agents and their initial specified offices are set out below. The initial CSD Account Manager is the Issuer. If any additional Paying Agents, Transfer Agents or CSD Account Manager is appointed in connection with any Series, the names of such agents will be specified in Part B of the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or the CSD Account Manager and/or appoint additional or other Agents and/or additional or other agents in respect of any CSD Notes, provided that:

(a) there will at all times be a Principal Paying Agent and a Registrar;

(b) so long as the Notes are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;

(c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated; and

(d) in the case of CSD Notes, there will always be a CSD Account Manager authorised to act as an account holding institution with the CSD.

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

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

12. EXCHANGE OF TALONS

This Condition 12 only applies to Notes other than CSD Notes.

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8.

13. NOTICES

13.1 Notes other than CSD Notes

This Condition 13.1 only applies to Notes other than CSD Notes.

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

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

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

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes), the Registrar (in the case of Registered Notes) or the CSD Account Manager (in the case of CSD Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

13.2 CSD Notes

This Condition 13.2 only applies to CSD Notes.

All notices regarding the CSD Notes will be deemed to be validly given if published in accordance with the procedures of the CSD.

The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the CSD Notes are for the time being listed or by which they have been admitted to trading.

Any such notice will be deemed to have been given to the holders of the CSD Notes on the date it is published in accordance with the procedures of the CSD.

Notices to be given by any holder of CSD Notes may be given by such holder through the CSD, in such manner as the CSD Account Manager and the CSD may approve for this purpose.

14. MEETINGS OF NOTEHOLDERS AND MODIFICATION

14.1 Notes other than CSD Notes

This Condition 14.1 only applies to Notes other than CSD Notes.

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in Schedule 4, Part 1 of the Agency Agreement) of a modification of the Notes, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer and shall be convened by the Issuer if required in writing by Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons or amending the Deed of Covenant in certain respects), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. The Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Agent) by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders.

The Principal Paying Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to any modification of the Notes, the Coupons, the Deed of Covenant or the Agency Agreement which, in the opinion of the Issuer, is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

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

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

14.2 CSD Notes

This Condition 14.2 only applies to CSD Notes.

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including that meetings of Noteholders (for the purposes of this provision, **Noteholders' Meeting**) may be convened by the Issuer and shall be convened by the Issuer if required in writing by Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing a resolution is one or more persons holding a certificate or certificates (dated no earlier than 14 days prior to the meeting) from the CSD or the CSD Account Manager stating that each such Noteholder is entered into the records of the CSD or the CSD Account Manager, as the case may be, as a Noteholder, and such Noteholder or Noteholders collectively hold or represent not less than 50 per cent. in nominal amount of the Notes for the time being outstanding and provide an undertaking that no transfers or dealings have taken place or will take place in the relevant Notes until the conclusion of the meeting, or at any adjourned meeting one or more such persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented; except that at any meeting the business of which includes the modification of certain provisions of the Notes as set out in Schedule 4, Part 2, subclause 3.5 of the Agency Agreement (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes), the quorum shall be one or more such persons holding or representing not less than two-thirds in aggregate nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented. A resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting.

For the purposes of a meeting of the Noteholders, the person named in the certificate from the CSD or the CSD Account Manager, as the case may be, described above shall be treated as the holder of the Notes specified in such certificate, provided that he has given an undertaking not to transfer the Notes so specified (prior to the close of the meeting).

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

The Principal Paying Agent (insofar as the relevant modification relates to the Agency Agreement) and the Issuer may agree without the consent of any of the Noteholders, to any modification of the CSD Notes or the Agency Agreement (insofar as the relevant modification to the Agency Agreement relates to CSD Notes) which, in the opinion of the Issuer, is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

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

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

15. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

16. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

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

17. ACKNOWLEDGEMENT OF STATUTORY LOSS ABSORPTION POWERS

Notwithstanding and to the exclusion of any other term of the Notes, or any other agreements, arrangements or understanding between any of the parties thereto or between the Issuer and any Noteholder (which, for the purposes of this Condition 17, includes each holder of a beneficial interest in the Notes), each Noteholder by its purchase of the Notes will be deemed to acknowledge, accept, and agree, that any liability arising under the Notes may be subject to the exercise of Statutory Loss Absorption Powers by the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

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

  (i) the reduction of all, or a portion, of the Relevant Amounts in respect of the Notes;

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

  (iii) the cancellation of the Notes or the Relevant Amounts in respect of the Notes; and

  (iv) the amendment or alteration of the maturity date of the Notes or the amendment of the amount of interest payable on the Notes, or the date on which interest become payable, including by suspending payment for a temporary period; and

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

In the Conditions the following expressions shall have the following meaning:

Relevant Amounts means the outstanding principal amount of the Notes, together with any accrued but unpaid interest and additional amounts due on the Notes pursuant to Condition 7. 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 applicable Statutory Loss Absorption Powers by the Relevant Resolution Authority;

Relevant Resolution Authority means the resolution authority with the ability to exercise any Statutory Loss Absorption Powers in relation to the Issuer; and

Statutory Loss Absorption Powers mean any write-down, conversion, transfer, modification, suspension or similar or related powers existing from time to time under, and exercised in compliance with (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 Notes), including, but not limited to any regime which is implemented pursuant to, or which otherwise contains provisions analogous to, the BRRD and (ii) the instruments, rules and standards created under any such regime, pursuant to which any obligation 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).

Upon the exercise of any Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Notes, the Issuer will provide written notice to the Noteholders in accordance with Condition 13 as soon as practicable regarding such exercise of the Statutory Loss Absorption Powers for the purpose of notifying Noteholders of such occurrence. The Issuer will also deliver a copy of such notice to the Principal Paying Agent (in the case of Bearer Notes or Coupons), the Registrar (in the case of Registered Notes) or the CSD Account Manager (in the case of CSD Notes) and the Paying Agents for information purposes. Any failure or delay by the Issuer in giving any such notice to or otherwise to so notify the Noteholders will not in any way impact on the effectiveness of, or otherwise, invalidate, any such exercise of any Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Notes or give Noteholders any rights as a result of such failure or delay.

Neither a reduction or cancellation, in part or in full, of the principal or any other redemption amount of, or any interest on, the Notes or any other outstanding amounts due under or in respect of the Notes, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of any Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Issuer, nor the exercise of any Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Notes will be an event of default or constitute the occurrence of any event related to the insolvency of the Issuer or entitle Noteholders to take any action to cause the Issuer to be declared bankrupt or for the liquidation of the Issuer.

18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

18.1 Governing law

The Agency Agreement, the Deed of Covenant, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with Agency Agreement, the Deed of Covenant, the Notes and the Coupons, are and shall be governed by, and construed in accordance with, English law, except for CSD Notes and (in the case of Bearer Notes and Registered Notes) Condition 3 which shall, in each case, be governed by, and construed in accordance with, Icelandic law.

18.2 Submission to jurisdiction

(a) Subject to Condition 18.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes (other than CSD Notes) and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons (a **Dispute**) and accordingly each of the Issuer and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

Subject to Condition 18.2(c) below, the District Court of Reykjavik has exclusive jurisdiction to settle any Dispute arising out of or in connection with the CSD Notes, and accordingly each of the Issuer and any holders of the CSD Notes in relation to any Dispute submits to the exclusive jurisdiction of the District Court of Reykjavik. Legal action taken in respect of the CSD Notes under this Condition 18.2(a) may be proceeded with in accordance with the Act on Civil Procedure No. 91/1991, chapter 17.

(b) For the purposes of this Condition 18.2, each of the Issuer and any Noteholders or Couponholders in relation to any Dispute waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

(c) This Condition 18.2(c) is for the benefit of the Noteholders and the Couponholders only. To the extent allowed by law, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

18.3 Appointment of Process Agent

The Issuer appoints Kvika Securities Ltd. as its agent for service of process in any proceedings before the English courts in relation to any Dispute, and undertakes that, in the event of Kvika Securities Ltd. ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

18.4 Waiver of immunity

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

18.5 Other documents

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

USE OF PROCEEDS

The net proceeds (in respect of (a) and (c) below) or an amount equal to the net proceeds (in respect of (b) below) from each issue of Notes will, as specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, be:

(a) used for the Issuer's general corporate purposes; or

(b) in respect of Green Financing Instruments, used to finance or refinance, in whole or in part, the Issuer's investments in Eligible Assets, as further described in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement and the Green Funding Framework dated February 2024 (as amended or supplemented from time to time) (https://kvika.is/en/fjarfestaupplysingar/?category=funding&subCategory=3); or

(c) used to finance any other particular identified use of proceeds as stated in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement.

Green Financing Instruments

In respect of (b) above, the Green Funding Framework describes the Eligible Assets to which an amount equal to the net proceeds of an issuance of Green Financing Instruments will be used as described below. The Green Funding Framework is based on the International Capital Market Association (ICMA) Green Bond Principles from 2021.

- Use of Proceeds;
- Process for Project Evaluation and Selection;
- Management of Proceeds;
- Reporting; and
- External Review.

The Green Funding Framework is published and available on the Issuer's website.

Use of proceeds

Unless otherwise specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement, the Green Funding Framework provides that the Issuer intends to allocate an amount equal to the net proceeds of the Green Funding Instruments to finance or refinance, in whole or in part, an array of new and/or existing green projects (as described in the section headed "Use of Proceeds" of the Issuer's Green Funding Framework (the **Eligible Assets**)). Eligible Assets are expected to include loans in the following categories:

- Clean transportation: e.g. loans to finance or refinance low carbon vehicles and equipment and/or low carbon transportation infrastructure;
- Green buildings: e.g. mortgages for energy efficient residential buildings in Iceland as well as loans to energy efficient commercial properties;
- Renewable energy: e.g. loans to finance or refinance production and development of products and related infrastructure and technologies from renewable energy generation sources (hydro power, wind, solar, geothermal, bioenergy);

- Circular economy adapted products, production technologies and processes: e.g. financing or refinancing of projects aiming to promote resource efficiency and the transition towards a circular economy; and

- Biodiversity conservation: e.g. financing or refinancing of projects aiming to protect, maintain, restore or enhance biodiversity (terrestrial and aquatic) and sustainably manage living natural resources which benefit biodiversity.

The Green Funding Framework provides that designation of Eligible Assets has been and will be on a best efforts basis, have regard to categories of environmental activities that are included in the EU Taxonomy, and that the eligibility criteria has been designed and will be designed, on a best efforts basis, to comply with the technical screening criteria set out in the EU Taxonomy Climate Delegated Act as in effect at the date of the Green Funding Framework provided, in each case, that there are feasible and practical Eligible Assets meeting these requirements in the regions in which the Issuer's assets are located as a matter of local regulation.

The look-back period for Green Financing Instruments that refinance operational expenditures is limited to three years from the date of issue of the relevant Green Financing Instruments. The distribution of allocated Green Financing Instruments by category as well as "financing versus refinancing" will be published by the Issuer in the annual Allocation and Impact Report.

In addition to loans for specific eligible projects or assets, the Green Funding Framework also provides that loans for general corporate purposes to "pure-play" green companies can be funded with amounts equivalent to the net proceeds of the issue of the relevant Green Financing Instruments. The Green Funding Framework describes a "pure-play" company as a company deriving more than 90 per cent. of its revenue from activities that fall within the Eligible Asset categories outlined above.

The Issuer has relied on the support of external advisors Creditinfo hf. and Swedbank AB to define the associated eligibility criteria which are further described in the Issuer's Green Funding Framework.

Exclusionary criteria

The Green Funding Framework provides that amounts equal to the net proceeds of any Green Financing Instruments will not be used to knowingly finance or refinance, in whole or in part, loans that relate to the following activities: fossil fuel-related energy generation and related infrastructure, nuclear energy generation, environmentally negative resource extraction (such as rare-earth elements or fossil fuels), deforestation and degradation of forests, weapons, gambling, tobacco and adult entertainment.

Process for evaluation and selection

The Issuer's Sustainability Committee is responsible for evaluating and selecting Eligible Assets for which the proceeds from Green Financing Instruments can be allocated, in line with the Green Funding Framework's eligibility criteria. The Sustainability Committee will validate the portfolio of Eligible Assets on at least a semi-annual basis and may delegate authority to the Issuer's Credit Committee or dedicated specialists for the review of selected assets and projects.

The Sustainability Committee will ensure that Green Financing Instruments adhere to applicable laws and regulations as well as the Issuer's Sustainability Policy. The Sustainability Committee will also ensure that environmental and social risks potentially associated with such Green Financing Instruments are properly mitigated and monitored.

The Green Funding Framework underscores that all loans, including Green Financing Instruments, will undergo the Issuer's robust standard credit process which is designed to ensure compliance with applicable domestic and international rules and regulations, "Know Your Customer" processes and the

Issuer's internal policies and guidelines, including those related to credit, anti-money laundering, counter-terrorist financing and sanctions. The Green Funding Framework provides that only loans approved in the regular credit process can be eligible for green funding.

The Sustainability Committee monitors Green Financing Instruments on an ongoing basis. Green Financing Instruments are recorded in a register (the **Green Register**). The Issuer's Risk Department will, on behalf of the Sustainability Committee, maintain the Green Register. The Green Register is monitored on a regular basis during the term of the Green Financing Instruments to ensure that sufficient amounts are allocated to Eligible Assets. If the Sustainability Committee identifies loans which do not qualify (or continue to qualify) under the Green Funding Framework, the Sustainability Committee has the authority to remove such loans from the Green Register.

Management of proceeds

The Issuer intends to allocate an amount equal to the net proceeds from any issue of Green Financing Instruments under the Programme to a portfolio of loans that meet the use of proceeds eligibility criteria and in accordance with the evaluation and selection process presented above and in the Green Funding Framework (the **Eligible Green Loan Portfolio**).

The Issuer will strive, over time, to achieve a level of allocation for the Eligible Green Loan Portfolio that matches or exceeds the balance of an amount equal to the net proceeds from its outstanding Green Financing Instruments. Eligible Green Loans will be added to or removed from the Issuer's Eligible Green Loan Portfolio to the extent required.

While any Green Financing Instrument amount equal to the net proceeds remain unallocated, the Issuer will hold and/or invest in its treasury liquidity portfolio, in cash or other short term and liquid instruments, the balance of an amount equal to the net proceeds not yet allocated to the Eligible Green Loan Portfolio.

None of the Dealers, the Arranger, any of their respective affiliates or any other person mentioned in this Base Prospectus makes any representation as to the suitability of such Green Financing Instruments to fulfil environmental and sustainability criteria required by any prospective investors. None of the Dealers, the Arranger or any of their respective affiliates shall be responsible for (i) any assessment of the Eligible Assets, (ii) any verification of whether the Eligible Assets falls within an investor's requirements or expectations of a "green" or "sustainable" or equivalently-labelled project or (iii) the ongoing monitoring of the use of proceeds in respect of any Green Financing Instruments.

Reporting

To enable investors and other stakeholders to follow the development of the Eligible Green Loans funded by Green Financing Instruments, an Allocation and Impact Report will be made available on the Issuer's website. The Allocation and Impact Report will be published annually until full allocation, and in the event of any material developments, as long as there are Green Financing Instruments outstanding.

External review – second party opinion

The Issuer also applies the recommendation to use the services of an independent external second opinion provider (the **Second Party Opinion**). A Second Party Opinion has been obtained on the Green Funding Framework from the Second Party Opinion provider Sustainalytics, assessing the sustainability of the Green Funding Framework and its alignment with the ICMA Green Bond Principles from 2021. It is available on the Issuer's website at https://kvika.is/en/fjarfestaupplysingar/?category=funding&subCategory=3. Any amendment to such

Second Party Opinion, or any new Second Party Opinion (to be provided following an amendment to the Green Funding Framework, the publication of a new Green Funding Framework or in application of any new legislation or regulation) will be made available on the Issuer's website.

External review – verification

Allocation of proceeds will be subject to an annual review by an independent party until full allocation and in the event of any material developments. The Limited Assurance report provided by the independent party will be published on the Issuer's website.

Neither the Green Funding Framework, nor any of the above reports, verification assessments or contents of any of the above websites are, nor shall they be deemed to be, incorporated in or form part of this Base Prospectus. The information on the above websites has not been scrutinised or approved by the competent authority.

Updates

The Green Funding Framework may in future be updated to harmonise with the market and/or developments within the Issuer. Any such future changes will however not apply to Green Financing Instruments issued under earlier versions of the Green Funding Framework.

Any information contained in or accessible through any website, including https://kvika.is/en/fjarfestaupplysingar/?category=funding&subCategory=3, does not form a part of the Base Prospectus, unless specifically stated in the Base Prospectus, in any supplement hereto or in any information incorporated or deemed to be incorporated by reference in this Base Prospectus that all or any portion of such information is incorporated by reference in the Base Prospectus.

ICELAND AND FINANCIAL MARKETS

Iceland

Iceland is an island, located in the North Atlantic next to Norway, Scotland and Greenland. It is the second largest island in Europe and the third largest in the Atlantic Ocean, with a land area of approximately 103,000 square kilometres, and is the most sparsely populated country in Europe. Iceland's capital and largest city is Reykjavík which, along with the surrounding municipalities in the southwest of the country, is home to nearly two-thirds of Iceland's 398,975[16] person population. The official language of Iceland is Icelandic.

Iceland is a constitutional republic with a multi-party parliamentary system of government. Legislative power is vested in the parliament and executive power is vested in a cabinet headed by a prime minister. The president is the head of state and is elected for a term of four years by a direct vote of the electorate. Over the past thirty years, the participation of women in politics has increased significantly, and their share of seats in Parliament has increased from 15 per cent. to roughly 46 per cent. in the most recent parliamentary elections. Iceland is a member of the United Nations, the North Atlantic Treaty Organization, the International Monetary Fund (**IMF**), the World Bank and the Organisation for Economic Co-operation and Development (**OECD**). It is also a party to a number of other multinational organisations, including the Nordic Council and the Council of Europe. Iceland joined the European Free Trade Association (**EFTA**) in 1970 and is a contracting party to the EEA Agreement which extends the EU's internal market to the participating EFTA states. Iceland is also a contracting party to the General Agreement on Tariffs and Trade and ratified the agreement establishing the World Trade Organisation (**WTO**) in December 1994.

Iceland has a market economy with relatively low taxes, compared to other OECD countries, as well as the highest trade union membership in the world. It maintains a Nordic social welfare system that guarantees its citizens universal health, education, and a high degree of social security. The standard of education is high, and public education is compulsory between the ages of 6 and 16. Good command of English and the Scandinavian languages is widespread. Education is offered free of charge or for a nominal fee at three levels. Iceland ranks first on the Global Peace Index and runs almost completely on renewable energy.

The Economy

The Icelandic economy is an open and developed economy, often grouped with neighbouring Nordic countries due to its free market institutional framework combined with a strong welfare system. In the first half of the twentieth century, Iceland was one of the least affluent countries in Western Europe but has seen tremendous growth driven by the modernisation and development of key exporting sectors, including fisheries and energy intensive goods and has consistently ranked among nations with the highest standard of living in the world. This success can be traced to attributes such as a strong institutional framework, skilled workforce, high degree of economic freedom and a sound democracy, as well as Iceland's rich natural resources.

Iceland's economy is characterised by a high-income, export-driven structure, with a strong reliance on natural resources, tourism, and renewable energy. Historically, the fisheries sector has been the backbone of the economy, with fish and seafood products still accounting for a significant share of exports (approximately 20-25 per cent.), benefiting from Iceland's extensive Exclusive Economic Zone (**EEZ**) and a well-established system of quotas for sustainably managing catches. However, over the past two decades, tourism has emerged as a dominant economic pillar, surpassing fishing as the largest foreign currency earner before the COVID-19 pandemic. Despite temporary setbacks in 2020-2021, the sector rebounded strongly, with international visitors providing a crucial boost to services exports.

[16] As of 1 January 2024.

Aluminum production represents another key sector, leveraging Iceland's abundant geothermal and hydroelectric energy to power energy-intensive smelting operations, which account for roughly 15 per cent. of total exports. In recent years, Iceland has sought to diversify its economy by fostering growth in biotech, pharmaceuticals, aquaculture, and high-tech industries, capitalising on its skilled workforce and strong research and development environment.

Iceland's economy, with an estimated GDP of ISK 4.5 trillion (EUR 31 billion) in 2024, is one of the smallest among advanced Western economies and the smallest within the OECD, mainly reflecting the country's small population, but ranks among the world's most prosperous on a per capita basis with the seventh highest GDP per capita in 2024 (*Source: World Statistics*). Despite its small absolute size, Iceland maintains a high standard of living, with its GDP per capita exceeding EUR 80,000, placing it among the highest in Europe and comparable to other Nordic countries. This reflects a productive workforce, strong social welfare systems, and efficient utilisation of natural resources, particularly in renewable energy, fisheries, and high-value services. The country's economic openness, flexible labour market, and prudent fiscal policies further contribute to sustained prosperity despite its small economic scale on a GDP basis.

Small, open economies tend to be more volatile than larger economies, due to a lack of diversification, and historically this has been the case for Iceland, which has experienced more pronounced business cycles than many other developed economies. The years surrounding the 2008 financial crisis were no exception. Economic growth was unparalleled among high income countries in the four years leading up to the crisis, at 6.5 per cent. per annum as the banking sector expanded at an unsustainable pace. Conversely, the Icelandic economy suffered a contraction of over 10 per cent. in the two years following the onset of the financial crisis.

Following the 2008 financial crisis, Iceland undertook a comprehensive restructuring of its financial system, shifting from a highly leveraged, internationally exposed banking model to a more domestically focused and tightly regulated sector. The collapse of the country's three largest banks led to significant reforms, including stricter capital and liquidity requirements, enhanced regulatory oversight by the Central Bank of Iceland, and a reduced reliance on foreign wholesale funding. Today, the financial system is well-capitalised and resilient, with a focus on serving domestic businesses and households, and supporting economic stability through prudent lending practices, robust financial supervision, and a strong pension system. Commercial banks, alongside pension funds, fintech firms, and a growing capital market, play a crucial role in funding investment, managing risk, and facilitating economic growth.

Iceland operates under a prudent fiscal framework, emphasising balanced budgets, low debt levels, and sustainable public finances. The government follows a rules-based fiscal policy, with a legally mandated medium-term fiscal strategy aimed at ensuring debt sustainability and counter-cyclicality. Icelandic policymakers generally maintain a commitment to fiscal discipline, with broad political consensus on the importance of keeping public debt at sustainable levels and maintaining investor confidence. While the government remains flexible in responding to economic shocks, including through targeted fiscal support for households and businesses, it has avoided excessive deficits and remains focused on stabilising debt and maintaining fiscal space for future challenges. Following the COVID-19 pandemic, public debt rose due to emergency spending, but fiscal consolidation efforts have since reduced the net debt-to-GDP ratio, which stood at just under 40 per cent. of GDP by late 2024, significantly lower than in many European economies. The fiscal deficit was projected to narrow to 2.8 per cent. of GDP in 2024, reflecting stronger revenue collection, expenditure restraint, and reduced the COVID-19 pandemic-era support measures, though disaster relief due to seismic activity in Reykjanes has kept spending elevated. The deficit is expected to tighten further in coming years, while the debt ratio is expected to benefit from a further one-off reduction following the planned sale of the government's legacy stake in local bank Íslandsbanki in 2025. Ratings agencies have reflected this fiscal progress, with Moody's upgrading Iceland's sovereign rating to A1 (Sep 2024), while Fitch (Aug 2024) and S&P (May 2024) affirmed stable A and A+ ratings, respectively.

Monetary Policy

Iceland operates under an inflation-targeting monetary policy regime, with the Central Bank of Iceland tasked with maintaining price stability as its primary objective. Since 2001, the Central Bank of Iceland has targeted a 2.5 per cent. inflation rate, using interest rate adjustments, foreign exchange interventions, and macroprudential tools to influence inflation and economic stability. The Monetary Policy Committee (**MPC**), an independent body within the Central Bank of Iceland consisting of three internal members and two external members, makes interest rate decisions based on economic conditions with the ultimate aim of maintaining inflation at a target level of 2.5 per cent. in the medium-term. While the króna remains a floating currency, the Central Bank of Iceland actively monitors exchange rate developments, given their significant impact on inflation and external trade. From time to time, the Central Bank of Iceland intervenes in foreign exchange markets when necessary to counter excessive volatility in the króna and provide liquidity, ensuring orderly market conditions and reducing risks to financial stability. The institutional framework emphasises transparency, accountability, and independence, aligning Iceland's monetary policy with best practices in advanced economies.

Following the COVID-19 pandemic, Iceland, like most advanced economies, experienced a sharp rise in inflation, driven by supply chain disruptions, surging global commodity prices, rising house prices and a strong post-COVID-19 pandemic rebound in domestic demand due to fiscal and monetary stimulus. Inflation peaked at 10.2 per cent. in early 2023, fuelled by rising housing costs, imported inflation due to a weaker króna, and a tight labour market that drove significant wage increases. Although Iceland was largely insulated from the 2022-2023 energy crisis in Europe due to its domestic renewable baseload energy, rises in the global price of fuel and natural gas nevertheless further contributed to price pressures, particularly through higher import costs.

However, inflation began a gradual decline in mid-2023, aided by aggressive monetary tightening by the Central Bank of Iceland, which raised its policy rate from a historical low of 0.75 per cent. to a peak of 9.25 per cent. in 2024. By late 2024, inflation had fallen significantly, standing at 4.8 per cent. by the end of 2024, marking progress towards a return to price stability. The primary drivers of this disinflation included a slowdown in domestic demand, as higher interest rates dampened borrowing and consumption, and a reduction in real estate prices. As a result, the Central Bank of Iceland was able to embark on an interest rate cutting cycle in October 2024, implementing a 0.25 percentage point cut, followed by two 0.5 percentage point reductions in November 2024 and February 2025, bringing the key seven-day term deposit rate down to 8.0 per cent. These cuts reflect easing inflationary pressures and slowing economic activity, though the Central Bank of Iceland maintains a cautious policy stance given persistent wage pressures and elevated inflation expectations. The outlook for 2025 suggests further gradual rate reductions, contingent on continued disinflation and economic slack, with market expectation surveys pointing to rates falling to around 5.75 per cent. within two years.

Inflation is widely expected to continue moderating throughout 2025, supported by a housing market that has started to stabilise following substantial price increases in recent years. Iceland's residential real estate market first saw prices rise during the COVID-19 pandemic, followed by a second round of increases due to repeated eruptions in the Reykjanes peninsula in 2024, where seismic activity led to localised evacuations, property damage, and uncertainty for homeowners. The displacement of residents of the small town of Grindavik resulted in a surge in demand for housing in unaffected areas, driving up rental prices and property values, especially in Reykjavík and nearby municipalities. In response, the Icelandic government introduced financial support measures to assist displaced homeowners, including compensation packages and housing subsidies. While these measures provided crucial relief, they also injected liquidity into the housing market, further fuelling price increases and exacerbating supply constraints. These effects have started to peter out in the second half of 2024 as displaced residents found permanent accommodation, with real estate prices finally stabilising after years of rapid growth, reducing one of the most significant contributors to inflation.

Lower global energy prices and easing supply chain pressures also played a crucial role, helping to contain imported inflation in recent quarters. Moreover, the króna strengthened moderately in 2024, reducing the cost of imports and mitigating external price pressures. Inflation expectations, which had remained persistently high, also began to decline as confidence in the Central Bank of Iceland's monetary policy framework was restored. Despite this progress, core inflation remains somewhat elevated, particularly in the domestic sector, where wage growth and rigidity in labour market conditions continue to exert upward pressure on costs. The Icelandic labour market is highly unionised with collective bargaining agreements covering roughly 90 per cent. of the workforce, which is one of the highest ratios globally. That, along with strong economic growth and rigid labour market conditions following the COVID-19 pandemic, has led to a substantial increase in wages in recent years. Nevertheless, inflation is expected to continue its downward trajectory towards the 2.5 per cent. target by mid-2026 supported by moderate collective wage agreements signed in early 2024, provided that monetary conditions remain restrictive and external price shocks remain contained.

Recent Economic Developments

Following the COVID-19 pandemic, Iceland's economy rebounded strongly, driven by a rapid recovery in tourism, private consumption, and business investment. The tourism sector, which had suffered a severe contraction during the COVID-19 pandemic, rebounded as global travel resumed and governments of key trading partners provided sizable stimulus, contributing significantly to foreign exchange earnings and employment. Private consumption was buoyed by pent-up demand and government stimulus measures, while increased investments in green energy projects, such as land-based fish farming and data centres, supported economic expansion.

The rapid recovery led to, and was enabled by, strong net migration, driven by robust labour demand, rising wages, and a resilient economy, particularly in sectors such as construction, tourism, and healthcare. Following the COVID-19 pandemic, immigration rebounded as businesses sought to fill labour shortages, attracting workers primarily from Eastern Europe and the Nordic region. The rigid labour market and Iceland's strong social welfare system have also made the country an attractive destination for migrants.

However, Iceland's GDP growth experienced a significant slowdown in 2024, reflecting a confluence of domestic and external factors that constrained economic expansion. One of the primary drivers of this slowdown was the failure of the capelin catch, a crucial component of Iceland's fisheries sector, which led to disruptions in inventory accumulation and a negative impact on exports. Additionally, domestic demand weakened considerably, particularly in private consumption, as the lagged effects of high interest rates dampened household spending. Inflation, although moderating, remained elevated for much of the year, eroding real purchasing power and increasing financial pressure on consumers. Moreover, the tourism sector—one of Iceland's key economic pillars—underperformed relative to expectations, as visitor growth slowed amid global economic uncertainty and concerns about the competitiveness of Icelandic tourism following a rise in the króna real exchange rate. This led to a minor reduction in foreign exchange earnings and dampening service sector activity. Externally, weaker demand in major European trading partners, particularly in the Eurozone, constrained Iceland's export growth, while lingering geopolitical risks and high global interest rates further pressured financial conditions.

Despite slowing growth, there have been limited signs of extreme difficulties. Historically low private sector debt levels and the strong capital and liquidity position of the banking sector have played a crucial role in helping Iceland's economy weather the 2024 slowdown and will continue to support the recovery in 2025. Despite rising financing costs and weaker economic activity, arrears on loans have remained low, and the large commercial banks remain well-capitalised, profitable, and highly resilient to external shocks. Stress tests conducted by the Central Bank of Iceland indicate that banks are well-positioned to absorb potential economic and financial shocks, reflecting their strong capital buffers, prudent lending practices, and robust risk management frameworks. Households, while facing higher debt service burdens following Central Bank of Iceland rate increases, have benefited from strong equity positions, owing to previous years of rising house prices. Healthy balance sheets have allowed many to limit the impact on their debt service by refinancing at inflation-linked rates or terming out their debt without major distress. The corporate sector has similarly remained stable, with limited financial distress outside of specific industries, and many businesses have access to credit and capital markets to navigate temporary downturns. Looking ahead, as monetary policy gradually eases, lower interest rates are expected to reduce financing costs, stimulate credit growth, and support investment and consumption, contributing to the projected economic recovery in 2025. The continued strength of the financial sector has allowed firms and households to avoid any major interruptions to the provision of credit and liquidity, acting as a key stabilising force in Iceland's economic outlook.

Furthermore, the Icelandic labour market has remained resilient despite the economic slowdown in 2024, reflected by historically low unemployment rates, strong wage growth, and continued labour demand in key sectors. Resilience in the labour market is in large part attributable to its high degree of flexibility due to Iceland's access to the EEA and the free movement of labour within the internal market. Employers have been able to adjust labour supply dynamically by attracting foreign workers from the EEA to meet demand in key sectors. As job creation has slowed, particularly in tourism, retail, and construction, where weaker demand and tighter financing conditions have weighed on activity, most of the labour market adjustment has been reflected by slower net migration, as opposed to higher unemployment. Despite this, wage pressures have persisted, driven by collective bargaining agreements, real wage resistance, and ongoing demand for unskilled labour. Looking ahead, as interest rates decline and economic growth recovers in 2025, employment growth is expected to stabilise, while wage dynamics will remain a key factor in shaping inflation and household consumption trends. Iceland's integration with the European labour market will continue to serve as a stabilising factor, allowing for a flexible and responsive labour supply, which in turn will support economic recovery while mitigating the risk of labour shortages emerging.

The country maintains a strong net international investment position (**NIIP**) following years of running large current account surpluses, standing at over 40 per cent. of GDP as at Q3 2024. However, the trade balance deteriorated in 2024 and is expected to post a modest deficit for the year of over 1 per cent. of GDP. The failure of the capelin catch disrupted marine export revenues, while tourism activity fell short of expectations, with shorter visitor stays and declining hotel occupancy, particularly outside Reykjavík. At the same time, higher imports of capital goods and increased outbound travel spending further widened the deficit. Despite these challenges, Iceland's strong foreign currency reserves, well-capitalised financial system, and positive NIIP provide critical buffers against external shocks, supporting economic resilience in the recovery phase.

The economic outlook for Iceland in 2025 points to a gradual recovery, with GDP growth projected at 1.6 per cent., following a potential minor contraction in 2024. The rebound is expected to be driven primarily by an improvement in private consumption, supported by declining inflation, lower interest rates, and real wage growth. The monetary policy easing cycle, which began in late 2024, is expected to continue throughout 2025, reducing financing costs for households and businesses and stimulating investment activity. Export growth is also set to strengthen, as the tourism sector stabilises. Additionally, nascent exporting sectors such as land-based fish farming and biosimilars have the potential to boost Iceland's economic recovery in 2025, with growing investment in sustainable aquaculture and the expansion of pharmaceutical production strengthening export diversification and long-term growth prospects. However, risks to the outlook remain, including continued geopolitical uncertainties, the fiscal outlook under a new ambitious government, and wage pressures, which could slow the disinflation process and delay further rate cuts. Overall, Iceland's strong financial sector, resilient labour market, and stable macroeconomic fundamentals are expected to support a return to modest growth in 2025, with further improvement projected in 2026.

The key challenges for Iceland going forward, aside from containing inflation, will be increasing the diversification of its economy, specifically exports, and improve productivity in the domestic sector, which is low compared to neighbouring economies. The current government has placed an emphasis on infrastructure spending to meet demand by increasing tourism, strengthening the education system and innovating to make the economy better equipped to meet challenges in the coming years.

The Financial System

Following the 2020 merger of the Central Bank of Iceland and the Financial Supervisory Authority (**FME**), the Central Bank of Iceland also oversees financial stability and prudential supervision, enhancing its ability to mitigate systemic risks.

The Prime Minister appoints the Governor and three Deputy Governors for a term of five years. Decisions on the application of the Central Bank of Iceland's financial stability policy instruments are taken by the Financial Stability Committee (**FSN**), consisting of seven individuals. The Financial Supervision Committee makes decisions entrusted to the Financial Supervisory Authority by law or governmental directives.

Total assets in the Icelandic financial system, defined as the banking system, pension funds, insurance companies, mutual funds, investment and institutional funds, State loan funds, and other credit institutions, amount to roughly 4 times Iceland's GDP with pension funds holding the largest share, at over 40 per cent. of the assets of the credit system, as per the Central Bank of Iceland's latest Financial Stability report as at 25 September 2024.

The Icelandic pension fund system consists of pension funds for public employees, on the one hand, and a number of occupational pension funds, on the other. Membership of pension funds is mandatory, and all wage earners and employers pay contributions to the funds. By and large, it is a funded system, with about 90 per cent. of assets being held by coinsurance divisions, and about 10 per cent. (which consist of third-pillar pension savings) held in custody by pension funds. At the end of 2024, there were 24 pension funds operating in Iceland. Since the financial crisis in 2008, pension fund assets have increased significantly, owing to improved returns, robust employment growth, and rising wages. Relative to GDP, Iceland's pension funds are the second-largest in the OECD, second only to the Netherlands. The pension funds' largest asset classes are marketable bonds and bills, and stocks and unit share certificates. Iceland's pension funds also participate in lending activity within the financial system, granting mainly housing-related loans to fund members.

The banking system is highly concentrated and mainly consists of three universal banks: Arion banki hf., Íslandsbanki hf. and Landsbankinn hf., all of which are defined as domestic systemically important banks and account for a majority of banking system assets. The Issuer and a few smaller savings banks and financial institutions are also in the banking system. Until recently, Arion banki hf. and the Issuer were the only banks which were owned by private investors and publicly listed. In June 2021, Íslandsbanki hf. joined them when the government sold 35 per cent. of its stake, which now amounts to 42.5 per cent. following an additional sale in March 2022. Landsbankinn hf., on the other hand, is in public ownership, with the Icelandic state holding 98 per cent. of its shares.

The structure of the financial system has changed in recent years as the Icelandic banking sector has seen increasing competition from less regulated financial institutions, that is, the shadow banking system. This includes, and is not limited to, pension funds (not as defined by the Central Bank of Iceland), management companies of Undertakings for the Collective Investment in Transferable Securities (**UCITS**) and other unregulated entities. For example, specialised fund vehicles are often able to offer better terms for loans and other unregulated entities are offering unsecured loans for the retail market in competition to overdraft facilities. Icelandic pension funds have expanded their share in the retail mortgage lending market, and with the recent increase in employer contributions, this trend is likely to continue.

Source: Central Bank of Iceland, Statistics Iceland, Iceland Chamber of Commerce

DESCRIPTION OF THE ISSUER

NAME, INCORPORATION AND REGISTRATION

The Issuer's legal and commercial name is Kvika banki hf. The Issuer is a public limited company incorporated in Iceland on 7 May 2002. It is registered with the Register of Enterprises in Iceland and bears the registration number 540502-2930. The registered office of the Issuer is at Katrínartún 2, 105 Reykjavík, Iceland, and its telephone number is +354 540 3200. The Issuer's homepage is: www.kvika.is. Information on the website is not part of this Base Prospectus unless that information is incorporated by reference into this Base Prospectus.

The Issuer's purpose is to provide financial services and its operations in Iceland are subject to the provisions of the Act on Public Limited Companies No. 2/1995 and the Act on Financial Undertakings. The Issuer is authorised to engage in operations and carry out financial undertakings in accordance with the law and in accordance with the Issuer's operating license. The Issuer is authorised to achieve its objectives through the establishment and operation of subsidiaries, as well as other participation and ownership of companies which are compatible to its operations. The Issuer's domestic activities are under the supervision of the FSA.

HISTORY AND DEVELOPMENT

The Issuer traces its roots back to 1999 when MP Verðbréf hf. was established. MP Verðbréf hf. was granted an investment banking license in Iceland in 2003 and a commercial banking license in Iceland. Following a period of investment banking consolidation, the entity was renamed Kvika banki hf. in 2015. In the last decade, the Issuer has continued to grow its operations through mergers, acquisitions and organic growth, establishing itself as a competitive challenger bank in the domestic market.

2017-2019: Asset management consolidation

Beginning in 2017, the Issuer led a consolidation of smaller domestic asset management operations through the acquisition of Virðing hf., Alda sjóðir hf. and GAMMA Capital Management hf. Each entity had limited assets under management while all maintaining the required infrastructure for asset and fund management operations, creating an opportunity for meaningful cost synergies and economies of scale. The consolidation concluded with a merger of the acquired entities with the Issuer's own asset management and private banking operations, together forming the new entity Kvika Asset Management which then became one of the largest asset and fund management companies in Iceland.

2020-2022: Strengthening of lending operations

In 2019, the Issuer launched an online deposit platform, Auður, offering materially higher deposit rates for individuals. The platform quickly gained popularity and by its 12-month anniversary had significantly increased competition in the domestic deposit market and amassed a material amount of retail deposits. The deposit base marked a turning point in the Issuer's funding, which up to that point had mainly consisted of market funding such as bond and bill issuance and money market deposits, and enabled the Issuer to grow and expand its lending operations. In 2021, the Issuer, TM hf. and TM hf.'s subsidiary (Lykill fjármögnun hf. (**Lykill**)) merged under the name, legal identification number and registration number of the Issuer. As a result of the merger, the Issuer's balance sheet expanded significantly, with the Issuer taking over Lykill's vehicle financing operations and acquiring all subsidiaries of TM hf. (including TM tryggingar hf. (**TM Insurance**) which continued to operate as an insurance company post-merger but was sold by the Issuer to Landsbankinn hf. in February 2025). A key driving force and one of the largest successes of the tripartite merger was the operational and financial synergies gained through more efficient funding and management of the Lykill loan portfolio.

In February 2022, the Group acquired a majority shareholding in Ortus Secured Finance Ltd (**Ortus**), a British alternative credit provider specialising in property backed lending to borrowers in the United Kingdom. The transaction is a good strategic fit and allows for significant diversification of the Group´s loan portfolio, as well as opportunities to generate synergies in terms of improved funding costs.

2023 onwards: Streamlining, rationalisation and internal growth

Following a period of significant external growth, the Issuer has in recent years placed increased significance on focusing its operations and streamlining through optimisation of banking infrastructure, stabilising and rationalising the cost base and increasing core banking product offerings.

A key element of streamlining was represented by the decision to divest insurance subsidiary, TM Insurance, in order to focus fully on building up the banking business. The Issuer announced the divestment in October 2023, signed a sales agreement with Landsbankinn hf. in March 2024 and received final regulatory approval for the sale in February 2025 (at which point all conditions of the sales agreement were in place). Proceeds from the sale will be partially paid to shareholders and partially used for loan book growth as the Issuer increases focus on banking-only activities through remaining business segments, deploying its increased banking capital towards increased lending to both corporates and retail clients.

Recent developments

In 2024, the Issuer announced the development of retail mortgages that are expected to be launched under the Auður brand in 2025, a core banking product that has not been a part of the Issuer's general product offering. The offering of mortgages, enabled by the increased capital retained from the divestment of TM Insurance, marks a significant step into the retail banking market and should support further growth of the Issuer's balance sheet while decreasing its risk profile.

TM Insurance divestment

In March 2024, the Issuer signed a purchase agreement in which Landsbankinn hf. purchases 100 per cent. of TM Insurance's shares. Due diligence review has been completed and the purchase agreement was signed with standard conditions of approval from The Financial Supervisory Authority of the Central Bank of Iceland and the Icelandic Competition Authority.

The purchase price according to the purchase agreement is ISK 28.6 billion and Landsbankinn hf. will pay for the share capital in cash. The purchase price is based on TM's balance sheet at the end of 2023. The final purchase price will be adjusted for changes in TM's tangible equity from the beginning of the year 2024 to the completion date, and the amount of the change will be added to or subtracted from the price according to the purchase agreement.

At the date of this Base Prospectus, all conditions have been met and the completion date of the transaction was 28 February 2025. The handover of the insurance company took place simultaneously, with Landsbankinn hf. paying the Issuer the agreed purchase price upon completion.

As previously communicated by the Issuer on 30 May 2024, the final purchase price has been adjusted based on changes in TM Insurance's tangible equity from the beginning of 2024 until the closing date, 28 February 2025.

The initially agreed purchase price was ISK 28.6 billion, but the adjusted purchase price amounts to approximately ISK 32.3 billion, reflecting the 2024 purchase price adjustment, and has now been settled. The purchase price may be subject to further modifications, as any changes in TM Insurance's tangible equity from the beginning of the year until the closing date will either be added to or deducted from the final price.

Following the receipt of the purchase price, the Issuer's Board intends to propose a special dividend to its shareholders at the Annual General Meeting on 26 March 2025.

BUSINESS OVERVIEW

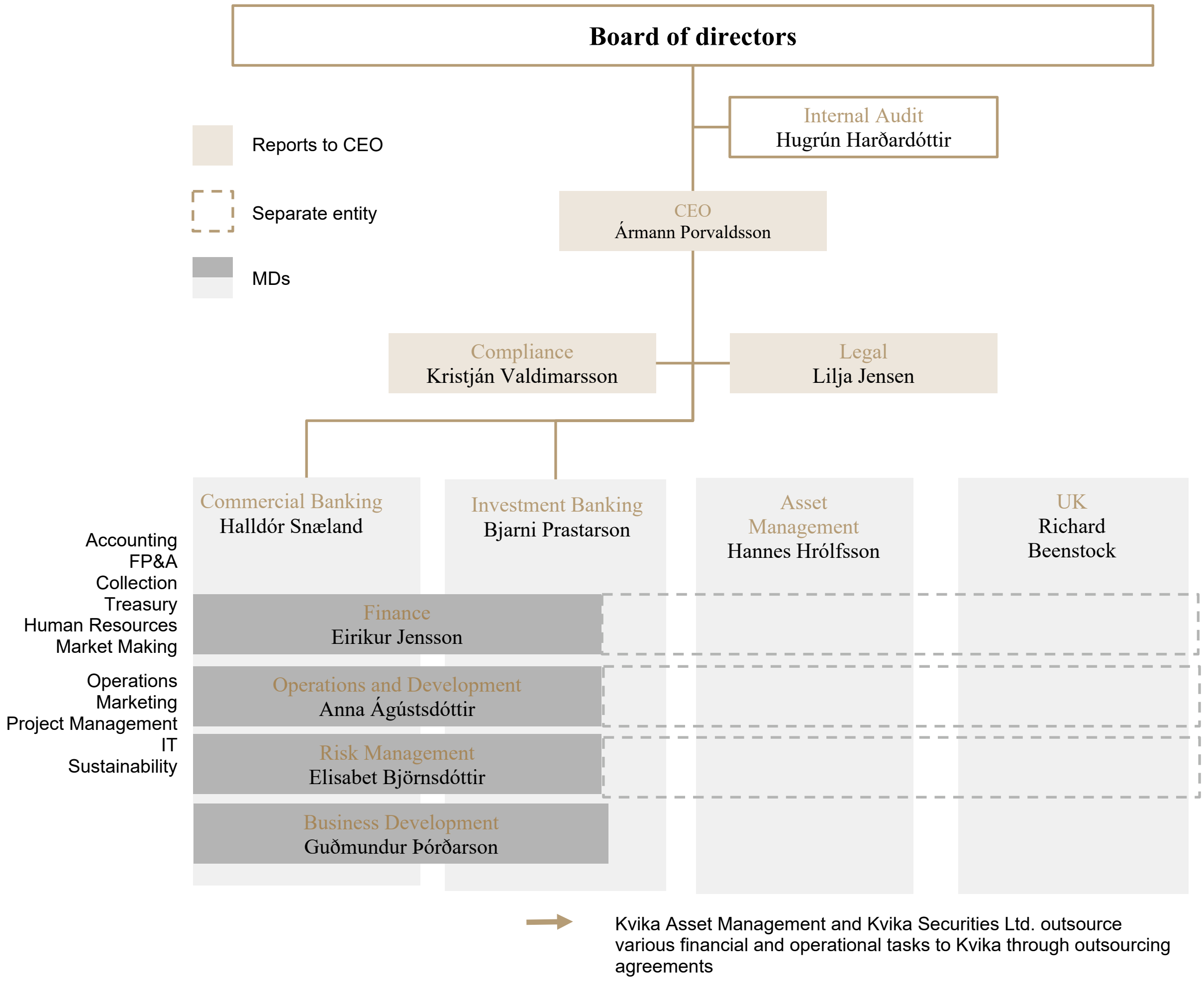
The Issuer, which is an Icelandic bank headquartered in Iceland, is categorised by the FSA as a financial conglomerate and has a license to operate as a commercial bank under the Act on Financial Undertakings. Its primary market is Iceland though the Issuer has also established operations in the United Kingdom. The Issuer is listed on the Regulated Market of Nasdaq Iceland and as at 31 December 2024, it employs 253 full-time employees.

The Issuer is a challenger bank, offering a wide but focused selection of financial products under a range of brands through a multi-brand strategy, targeting distinct customer needs through specialised brands. Each brand has a clear and unique identity corresponding to its product offering and target audience, which helps build brand loyalty and delivering more precise messaging. Each brand focuses on enhancing the customer journey specific to that product and target group with simple and clear value proposition and an emphasis on digital solutions (there is no branch network). Additionally, multiple brands can challenge competitors in different spaces. Each brand can compete against specific market players, boosting overall competitiveness.

The Issuer's business lines are Asset Management, Commercial Banking, Investment Banking and UK.

Organisational structure

The Issuer's organisational chart can be seen below and includes two main business segments, Commercial Banking and Investment Banking. However, the Group in total comprises four reportable segments. The remaining two segments are operated through subsidiaries Kvika UK and Kvika Asset Management, as shown below.



The Issuer is the parent company of the Group and owns several subsidiaries. The main subsidiaries held directly or indirectly by the Group are listed in the table below:

Entity	**Nature of operations**	**Domicile**	**Ownership as at 31 December 2024**	**Ownership as at 31 December 2023**
FÍ Fasteignafélag GP ehf.	Real estate fund management	Iceland	100 per cent.	100 per cent.
GAMMA Capital Management hf.	Fund management	Iceland	100 per cent.	100 per cent.
Kvika eignastýring hf.	Fund management	Iceland	100 per cent.	100 per cent.
Rafklettur ehf.[17]	Holding company	Iceland	-	100 per cent.
Skilum ehf.	Debt collection	Iceland	100 per cent.	100 per cent.

[17] At 31 December 2024, TM tryggingar hf., Rafklettur ehf. and TM líftryggingar were classified as a disposal group held for sale in accordance with IFRS 5. All entities have been divested as at the date of this Base Prospectus.

Entity	Nature of operations	Domicile	Ownership as at 31 December 2024	Ownership as at 31 December 2023
Straumur greiðslumiðlun hf.	Payment facilitator	Iceland	100 per cent.	100 per cent.
TM líftryggingar hf. [18]	Insurance operations	Iceland	100 per cent.	100 per cent.
TM tryggingar hf. [19]	Insurance operations	Iceland	100 per cent.	100 per cent.
AC GP 3 ehf.	Fund management	Iceland	85 per cent.	85 per cent.
Kvika Securities Ltd.	Business consultancy services	UK	100 per cent.	100 per cent.
Ortus Secured Finance ltd.	Lending operations	UK	80 per cent.	78 per cent.

The following subsidiaries have been classified by the Issuer as significant subsidiaries. Although their financial contributions to the Issuer vary, any reputational or other difficulties in their operations can also negatively affect the Issuer. The Issuer is therefore partially dependent on the successful operations of these subsidiaries.

Kvika Securities ltd.

Kvika UK is a UK subsidiary. The subsidiary is regulated in the United Kingdom by the FCA and is authorised to manage alternative investment funds and provide asset management and corporate finance services. Kvika Advisory Ltd. is a subsidiary of Kvika UK, regulated in the United Kingdom by the FCA and is authorised to provide corporate finance services. Ortus Secured Finance Ltd., a non-regulated alternative credit provider specialising in property backed lending to UK based customers, is majority owned by Kvika UK.

Kvika eignastýring hf.

Kvika Asset Management, is an asset and fund management company. Kvika Asset Management is a UCITS management company, licensed under the Act on Financial Undertakings and the Act on UCITS and holds a license to operate as manager of alternative investment funds in accordance with the provisions of Act No. 45/2020, on Alternative Investment Fund Managers. Additionally, Kvika Asset Management has an operating license under Act No. 161/2002, on Financial Undertakings, which also covers asset management, investment advice, custody and administration of unit shares of funds for collective investment, as well as the receipt and brokering of orders regarding financial instruments.

Principal Activities

The Issuer defines four operating segments in its business, based on the same principles and structure as internal reporting to executive management and the Board, which comprise the Issuer's principal activities as performed by the Issuer or its subsidiaries.

Asset Management

The Issuer's asset management operations are mainly undertaken by its subsidiary, Kvika Asset Management. The segment offers the following services to clients:

[18] At 31 December 2024, TM tryggingar hf., Rafklettur ehf. And TM líftryggingar were classified as a disposal group held for sale in accordance with IFRS 5. All entities have been divested as at the date of this Base Prospectus.

[19] At 31 December 2024, TM tryggingar hf., Rafklettur ehf. and TM líftryggingar were classified as a disposal group held for sale in accordance with IFRS 5. All entities have been divested as at the date of this Base Prospectus.

Fund Management – Kvika Asset Management manages a broad range of funds including equity funds, bond funds and mixed funds, which are open for general investors. Furthermore, it offers various alternative investment funds for professional investors.

Private Banking – Private banking provides comprehensive financial and wealth management services to individuals and medium-sized companies. Within private banking, customers can choose between active management or investment advice, depending on their willingness to engage actively in investment decisions.

Institutional Investors – Kvika Asset Management offers comprehensive asset management and portfolio management services for institutional investors.

Private Equity – Kvika Asset Management is one of the most experienced managers of private equity funds in Iceland, having launched the first fund in February 2008. KES currently manages four equity funds, Auður I slf., Edda slhf., Freyja slhf. and Iðunn framtakssjóður slhf.

Commercial Banking

Commercial Banking can be divided into three main areas of operations: banking services, deposit and fintech operations, and vehicle and equipment lending under the brand Lykill.

Banking services – Commercial Banking offers a range of private banking services to companies, high net worth individuals and other market participants. The unit supports all business units with onboarding new customers, servicing existing customers with the relevant banking service or connecting customers to the suitable units or specialist within the Issuer.

Deposit and fintech operations – The Issuer accepts deposits and offers competitive interest rates, mainly through the online deposit platform Auður. Auður offers competitive deposit rates by automating processes and offering limited services. As Auður's online platform is based on self-service, no contact with staff or physical offices is required. Similarly, the Issuer operates the online platform Framtíðin, which offers bridge and second lien mortgages to individual home buyers, as well as the "buy now-pay later" service Netgíró, and mobile payment platform Aur.

Lykill – Commercial Banking offers lease contracts and loans to individuals and companies to finance cars, heavy machinery and other equipment through its brand Lykill. Main products are car loans, hire purchase agreements and operating lease agreements.

Investment Banking

Investment Banking consists of three main areas of operation: Capital Markets, Corporate Finance and Corporate Lending. Additionally, Proprietary Trading and Treasury are also included with investment banking for reporting purposes despite reporting to the CFO.

Capital Markets – Capital Markets offers full-service brokerage in the Icelandic equity, fixed income and foreign exchange markets. Capital Markets offers professional advice and personal service designed to meet the needs of both retail and institutional customers, and seeks to deliver leading market insight and execution. Capital Markets trades in equity and fixed income in all products, securities, ETFs, swaps, options and other derivatives, equities, bonds and currency on all principal international markets.

Corporate Finance – Corporate Finance offers a wide range of value-adding investment banking services focused on acquisitions, divestments and mergers, valuation and transaction structuring, refinancing and restructuring, advisory, debt and capital raises, listings equities and initial public offerings, as well as various other balance sheet related advisory services, such as strategic reviews of securities and businesses.

Corporate Lending – Corporate Lending offers bespoke financing solutions, including project financing, portfolio financing, bridge lending and mezzanine lending. Emphasis is placed on short-term financing, where the maturity of loans generally do not exceed 24 months.

Proprietary Trading and Treasury – Treasury manages the Issuer's day to day liquidity while Proprietary Trading offers market making activities for local issuers of shares and fixed income instruments.

CORPORATE GOVERNANCE

Compliance with Corporate Governance

The Issuer is obliged to observe recognised guidelines on Corporate Governance under Article 54 of the Act on Financial Undertakings no. 161/2002. The Issuer complies with chapter VII of Act No. 161/2002 on Financial Undertakings, and in most respects with the Guidelines on Corporate Governance, 6th edition, published in February 2021 by the Chamber of Commerce, Nasdaq Iceland and the SA Confederation of Icelandic Enterprise.

Furthermore, the Issuer's activities comply with the recognised standards and rules of the European Banking Authority (the **EBA**), including guidelines on internal governance (EBA/GL/2021/05), please see Article 15 of regulation of the European Parliament and of the Council No. 1093/2010, which was incorporated into Icelandic law with Act No. 24/2017 a European Financial Supervisory System. The guidelines can be found on FME's website www.fme.is and on EBA's website which are not incorporated by reference into this Base Prospectus.

In 2024, the Issuer completed a corporate governance assessment as part of the Exemplary Company in Corporate Governance process, resulting in recognition from the Centre for Corporate Governance in Iceland for exemplary corporate governance, a recognition the Issuer has received each year since 2018.

A statement on the Issuer's corporate governance practices is reviewed and agreed upon annually by the Board and is accessible on the Issuer's website which is not incorporated by reference into this Base Prospectus.

Internal control, risk management and accounting

The Board is responsible for ensuring that an active system of internal control is in place within the Issuer, which is based on three lines of defence. The first line of defence consists of the management and the employees of business and supporting units in charge of the Issuer's daily management and organisation. The main responsibility of the first line of defence is to ensure the functionality and implementation of internal control measures in daily operations. The second line of defence is comprised of the internal control units of the Issuer, principally the Compliance Officer and Risk Management. The Compliance Officer is responsible for the training of employees and the Board, monitors and regularly assesses compliance with relevant legislation, monitors compliance risk, as well as consulting on implementation of laws and regulations in the Issuer's operations. Risk Management, among other things, measures and assesses risk according to the Issuer's criteria and carries out regular reporting to supervisory entities. Other units may also be assigned a supervisory role in the second line of defence, in line with the Issuer's policy on internal control. The third line of defence is the internal auditor, operating independently from other units within the Issuer's organisation and directly under the control of the Board, according to a formal statement of duties and job description of the internal audit function. The internal audit function assesses the effectiveness of risk management, control methods and internal governance in an independent and objective manner and in accordance with internal auditing standards. Among other things, the function prepares independent audits, verifications, and advice to the Board and the Audit Committee of the Issuer.

The implementation and functioning of internal control is the responsibility of the management of the Issuer. Internal control is based on risk assessments and control measures intended to reduce risk factors in the operations of the Issuer. Internal control includes documented and formal procedures which the Issuer's employees follow in their daily work, and which are examined by the control units.

The Board determines the risk policy and risk appetite of the Group with internal rules on risk management of the Group, which define risk factors in the Group's operations, including their nature and acceptable volume (the **Group Risk Policy**). The purpose of the Group Risk Policy is to establish an effective and transparent framework for managing the Group's risk and risk appetite, ensuring that risk management is aligned across the Group on a consolidated basis. The Group Risk Policy stipulates that the Issuer and its subsidiaries must ensure that the Group Risk Policy is implemented in their daily operations where applicable. It further states that the Issuer and its subsidiaries shall establish risk policies addressing the main risk factors relevant to their activities. These policies must define a risk appetite within the framework of the risk appetite outlined in the Group Risk Policy.

The Board hires an Internal Auditor, signs their formal statement of duties and annually approves the internal audit plan. The CEO appoints the Compliance Officer and the Board confirms the appointment. The CEO appoints the Managing Director of the Risk Management function. The reports and findings of the internal control functions are presented directly to the Board.

The Issuer's Finance division prepares annual financial statements in accordance with IFRS as adopted by the EU, and additional requirements, as applicable, in the Act on Annual Accounts no. 3/2006, the Act on Financial Undertakings no. 161/2002 and rules on accounting for credit institutions no. 834/2003. The annual financial statements are audited by the Issuer's external auditors, Deloitte.

The CEO reports to the Board and verifies the effectiveness of internal controls and risk management in the consolidated financial statements. Internal controls and risk management applied in the preparation of the consolidated financial statements are organised with a view to preventing any significant deficiencies in the accounting process.

The Board and control units regularly verify the effectiveness of internal controls and risk management.

The Board of Directors

Each year, the Issuer's annual general meeting elects a Board consisting of five board members and two alternate members. Board members come from varied backgrounds, and all possess extensive experience and expertise. In accordance with the Act on Limited Liability Companies No. 2/1995, the Issuer's Articles of Association and the Issuer's policy for assessing the eligibility of its Board members and CEO, care is taken to ensure there is at least a 40 per cent. representation of each gender on the Board and among the alternate members.

The Board constitutes the supreme authority in the affairs of the Issuer between shareholders' meetings. The main duties of the Board are supervising the operations of the Issuer and ensuring that they are continually in good order. The Board also ensures that the Issuer's financial matters, including the financial reporting and handling of the Issuer's assets, are diligently supervised. The Board makes operational plans in line with the Issuer's objectives and in accordance with its Articles of Association and determines the strategies to be followed to achieve the objectives set. The Board hires the CEO of the Issuer and supervises their work. The Board also represents the Issuer before courts and government authorities and allocates authority to sign and/or commit on behalf of the Issuer.

As at the date of the Base Prospectus, the Board consists of the following members:

Sigurður Hannesson, Chairman of the Board of Directors

Katrínartún 2, 105 Reykjavík, Iceland

Sigurður Hannesson is the chairman of the Board. He was appointed to the Board in March 2020. He was born in 1980 and is currently the Director General of the Federation of Icelandic Industries. From 2013 to 2017, Sigurður worked as a Managing Director of the Issuer's assets management division (previously known as MP banki). In 2015, Sigurður was the Vice-Chairman of the Government Task Force on the release of capital controls and in 2013, he was the Chairman of the Expert Group on household debt relief. From 2010 to 2013, Sigurður worked as the CEO of the Jupiter fund management company, now Kvika Asset Management, and in Capital Markets at Straumur Investment Bank from 2007 to 2010. Sigurður holds a DPhil degree in mathematics from the University of Oxford, a BS degree in mathematics from the University of Iceland and is a certified securities broker. Sigurður also sits on the boards of the Iceland Symphony Orchestra, Grænvangur (Green by Iceland), Reykjavík University, Skólastræti and the Icelandic Cancer Society. Sigurður owns shares in the Issuer through his shareholding in the private limited company, BBL 39 ehf. Sigurður does not have interest links with major clients, competitors or big shareholders, as defined in the Corporate Governance Guidelines.

Helga Kristín Auðunsdóttir, Deputy Chairperson

Katrínartún 2, 105 Reykjavík, Iceland

Helga Kristín Auðunsdóttir is the deputy chairperson of the Board. She was appointed to the Board in April 2021. She was born in 1980. Helga Kristín is a doctor in law from Fordham University in New York. In her doctoral studies at Fordham University she researched corporate governance and hedge fund investments. Helga Kristín graduated with BS in Business Law from Bifröst University in 2004 and with a Master's degree in law from the same university in 2006. She graduated with an LL.M degree in law from the University of Miami, with a focus on international business law and contracts in 2010. Helga Kristín is an assistant professor at the Department of Law at Reykjavík University. Before that, she worked as a director and assistant professor at Bifröst University, as a lawyer for Stoðir hf., as a lawyer for FGM/Auðkenni, now part of the Central Bank of Iceland and as a lecturer at the faculty of law at the University of Miami. Helga Kristín has been a member of the board of directors of TM hf. from 2023 and in the years 2020-2021. She was also an appointed alternate on the board of directors of Tryggingamiðstöðin hf. in 2012-2015. Helga Kristín does not own shares in the Issuer and does not have interest links with major clients, competitors or big shareholders as defined in the Corporate Governance guidelines.

Guðjón Reynisson, Board member

Katrínartún 2, 105 Reykjavík, Iceland

Guðjón Reynisson was appointed to the Board in March 2018. He was born in 1963 and works as an independent investor and board member. Between 2008 and 2017 he served as CEO of Hamleys of London. From 2003 to 2008, he served as managing director of the 10-11 stores. From 1998 to 2003, he was the managing director of the sales division of Tal, an Icelandic phone company. He graduated with an MBA degree from the University of Iceland in 2002. He graduated with an Operations and Business degree from the Continuing Education Study of the University of Iceland in 1999 and also graduated with a degree as a licensed physical education teacher from the University of Iceland in 1986. Guðjón has been on the board of directors of Festi hf. since 2014, Securitas hf. from 2018 and of Dropp ehf. since 2020. In 2024, Guðjón also took seat on the board of the private equity fund Harpa Capital Partners II. Guðjón owns shares in the Issuer through his private limited company, Hakk ehf., but does not have interest links with major clients, competitors or big shareholders as defined in the Corporate Governance Guidelines.

Ingunn Svala Leifsdóttir, Board member

Katrínartún 2, 105 Reykjavík, Iceland

Ingunn Svala Leifsdóttir was appointed to the Board in September 2021. Ingunn was born in 1976. She graduated with a BS degree in Business from the University of Iceland in 1999, with a focus on accounting and finance, and with a Cand. Oecon business degree from the same university in 2001, with a focus on accounting and management. Ingunn Svala completed the Advanced Management program from the IESE Business School in New York in 2018. Ingunn Svala currently works as a chief executive officer at Olis hf. Prior to that she worked as a COO for Dohop and as an executive director of operations at Reykjavík University. Ingunn Svala also has extensive experience from the financial sector. She worked for the Kaupthing's Resolution Committee as Chief Financial Officer from 2009 to 2011 as well as working as a Global Business Controller in Investment Banking at Kaupþing bank in 2007 to 2009. Ingunn Svala also worked within the Actavis Group PTC consolidation in 2006 to 2007 as a CFO for four subsidiaries, namely Actavis hf., Medís ehf., Actavis Group hf. and Actavis Group PTC ehf. Ingunn Svala has extensive experience of serving as a board member and has previously served on the boards of Ósar – lifeline of health hf. and of its subsidiary, Parlogis ehf., as well as Slippurinn Akureyri and Lífís, a subsidiary of VÍSIngunn Svala does not own shares in the Issuer and does not have interest links with major clients, competitors or big shareholders as defined in the Corporate Governance guidelines.

Sigurgeir Guðlaugsson, Board member

Katrínartún 2, 105 Reykjavík, Iceland

Sigurgeir Guðlaugsson who was elected as an alternate board member at the Issuer's annual general meeting in 2024, joined the Issuer's Board in August 2024. Sigurgeir was born in 1976. He graduated with a B.Sc. degree in international business from the Copenhagen Business School in 1999 and was CEO of biotechnology company Genís hf. until year-end 2024. Sigurgeir worked for the corporate banking division of Fjárfestingabanki atvinnulífsins, later Íslandsbanki, between 1999-2003. He also worked for Actavis Group between 2003 to 2006 where he was head of global mergers and acquisitions. Sigurgeir was managing director of investments in the healthcare industry for Novator between 2006 to 2009. He founded the consulting company, Citalfort Consulting slf., at year-end 2009 and worked for the company until year-end 2021, when he assumed the position of CEO of Genís, when he was partner and employee of H.F. Verðbréf hf. in the year 2013, and CEO of the biotechnology company Zymetech ehf. between 2014 to 2016. Sigurgeir has, among others, been a member of the board of directors of Straumur Investment Bank hf., Coripharma Holding hf., Actavis Group hf., Actavis Inc., Enzymatica AB, 3Z ehf., FlyOver Iceland ehf. and Scandinavian Biogas AB. Currently, Sigurgeir is the chairman of the board of directors of Citalfort Consulting slf., Altius ehf., Citius ehf. and Ögurás ehf. Sigurgeir does not own any shares in the Issuer and does not have interest links with major clients, competitors or big shareholders, as defined in the Corporate Governance Guidelines.

Helga Jóhanna Oddsdóttir, Alternate Board Member

Katrínartún 2, 105 Reykjavík, Iceland

Helga Jóhanna Oddsdóttir was born in 1973. Helga Jóhanna is Chairman of the board and co-founder of Opus Futura ehf., board member of The Suðurnes Fire and protection operations BS., and an elected member of the Town Council at Reykjanesbær. Helga Jóhanna has been the managing director of the real estate company GMO ehf. since 2015 and the owner and CEO of Carpe Diem ehf., investments and consulting services since 2011. Helga Jóhanna has served as an alternate board member of the Issuer since 2021, of Frjálsi Lífeyrissjóðurinn (pension fund) in 2020-2021, and of Samorka, the association of energy and utility companies in Iceland in 2020-2022. Helga Jóhanna graduated with a BSc. degree in Business Administration from the University of Iceland in 1998 and a MSc. degree in Business Administration in 2005 from the same school, with a focus on management and strategy. During 2020-2022, Helga Jóhanna was the COO and substitute CEO of HS Veitur and during 2015 to

2020, she was an equity partner and CEO of Strategic Leadership in Iceland. Helga Jóhanna was the COO of Opin Kerfi from 2008 to 2011, the Director of Human Resources at Reykjanesbær from 2003 to 2008 and HR Manager of Landsbréf from 2001 to 2003. As a consultant Helga Jóhanna has worked with numerous organisations in Iceland and in Europe. She also completed a consultancy assignment for the European Union regarding a leadership development at the local government level in Cambodia in 2017. Helga Jóhanna sat on the Child Protection Committee at Reykjanesbær for eight years and on the Education Council for four years. She has also sat on the board of the basketball club, U.M.F. Stjarnan. Helga does not have interest links with major clients, competitors or big shareholders, as defined in the Corporate Governance Guidelines.

Sub-Committees of the Board of Directors

According to the Issuer's Articles of Association at the date of this Base Prospectus, the Board shall appoint a Risk Committee, an Audit Committee and a Remuneration Committee for the Issuer, no later than one month after the Issuer's annual general meeting. The Board shall appoint at least three individuals for membership of each committee, of which at least two must also be Board members. All sub-committees have established rules of procedure prescribing the implementation of their tasks in detail. The Board appoints sub-committee members by majority vote from its own ranks and nominates the chairpersons. Because of the nature of the committees, neither the CEO nor other employees can serve on them. The rules of procedure of the committees and the Board of Directors are accessible on the Issuer's website which is not incorporated by reference into this Base Prospectus.

Risk Committee

The Risk Committee has an advisory and supervisory role for the Issuer's Board, among other things, in determining its risk policy and risk appetite. The Risk Committee also monitors the organisation and effectiveness of risk management, management of credit risk, market risk, liquidity risk, operating risk, reputational risk, and other risks, as the case may be.

The purpose of the Risk Committee is to act in accordance with Icelandic law and rules of good corporate governance. The Risk Committee is appointed by the Board in accordance with article 78 of the Act on Financial Undertakings. The Board shall appoint at least three individuals for membership, of which at least two must also be Board members. The committee is composed of Ingunn Svala Leifsdóttir, who is the chairman of the committee, Sigurður Hannesson and Sigurgeir Guðlaugsson.

Audit Committee

The Audit Committee is intended to play an advisory and supervisory role for the Issuer's Board by, among other things, ensuring the quality of financial statements and other financial information from the Issuer and the independence of its auditors. The Audit Committee supervises accounting procedures and the effectiveness of internal controls as well as internal and external auditing. The Audit Committee is appointed by the Board in accordance with chapter IX. A of the Act no. 3/2006 on Annual Accounts. The Board shall appoint at least three individuals for membership, of which at least two must also be Board members. The Audit Committee is composed of Helga Kristín Auðunsdóttir who is the chairman of the committee, Ingunn Svala Leifsdóttir and Margrét G. Flóvenz.

Remuneration Committee

The Remuneration Committee of the Issuer performs a advisory and supervisory role for the Issuer's Board in connection with the Issuer's remuneration and ensures they support the objectives and interests of the Issuer.

The purpose of the Remuneration Committee is to operate in accordance with Icelandic law and rules of good corporate governance. The Remuneration Committee is appointed by the Board in accordance with the Guidelines on Corporate Governance, and Paragraph 7 Article 54 of the Act on Financial Undertakings. The Board shall appoint at least three individuals for membership, of which at least two must also be Board members. The committee is composed of Guðjón Reynisson, who is the chairman of the committee, Sigurður Hannesson and Helga Kristín Auðunsdóttir.

Executive Management

The Issuer's executive management comprises the CEO and eight managing directors.

Ármann Þorvaldsson, CEO

Katrínartún 2, 105 Reykjavík, Iceland

Ármann Þorvaldsson joined the Issuer as CEO in August 2023. He was previously the CEO of the Issuer from June 2017 to May 2019 and Deputy CEO from May 2019 to December 2022. He has worked in the financial markets for over 25 years. From 1997 until 2005, he was Head of Corporate Finance at Kaupthing and, from 2005 to 2008, he was CEO of Kaupthing Singer & Friedlander in London. He then went on to work at Ortus Secured Finance in London until 2015 when he joined Virding. He was the head of Virding's Corporate Finance division before joining the Issuer. Ármann has an MBA degree from Boston University and a BA degree in History from the University of Iceland.

Guðmundur Þórðarson, Managing Director of Business Development

Katrínartún 2, 105 Reykjavík, Iceland

Guðmundur Þórðarson was appointed Managing Director of Business Development in 2024 and was previously a member of the Issuer's Board from March 2017. Guðmundur was born in 1972. He graduated from the University of Iceland with a Cand. Oecon business degree in 1997. He has also completed a securities brokerage and asset management exam in the UK. Guðmundur's main focus is on managing his own investments. From 1997 to 2000, he worked in Asset Management at Landsbréf hf. From 2000 to 2003, he worked as a specialist in the development and corporate advisory division of Íslandsbanki hf. From 2003 to 2007, he worked as Managing Director of Corporate Finance at Straumur Investment Bank hf.

Eiríkur Jensson, CFO

Katrínartún 2, 105 Reykjavík, Iceland

Eiríkur Jensson was appointed CFO of the Issuer in December 2022. Prior to joining the Issuer, Eiríkur worked for Arion banki as Head of Treasury from 2019, Head of funding between 2010 and 2019, and in Arion's fund management subsidiary (Stefnir) between 2008 and 2010. Eiríkur worked for Kaupthing Bank in Group Treasury between 2005 and 2008 as funding manager and as Head of Funding, and for Kaupthing's asset management and research between 1998 and 2003. Eiríkur graduated as MBA from Rotterdam School of Management in 2005 and Csc in Mechanical and industrial engineering from the University of Iceland in 1998. Eiríkur is a certified securities broker.

Anna Rut Ágústsdóttir, COO

Katrínartún 2, 105 Reykjavík, Iceland

Anna Rut was appointed COO in April 2022 but has worked within the Group since 2007 in various positions. Her previous role was Head of Finance and Operations of Kvika Asset Management. Anna Rut holds a B.Sc. degree in Business Administration and a MCF degree in Corporate Finance from Reykjavík University. Anna is a licensed securities broker.

Lilja Jensen, General Counsel

Katrínartún 2, 105 Reykjavík, Iceland

Lilja Jensen has worked for the Issuer and its predecessor since 2012 and has been General Counsel since 2015. Prior to that, Lilja worked for LOGOS legal services intermittently, from 2008 to 2012, alongside law studies and post graduation. Prior to legal work, Lilja worked as a nurse at the National University Hospital of Iceland and Eir nursing home. Lilja holds a BSc degree in nursing from the University of Iceland, and a BA and ML degree in Law from Reykjavik University and is licensed to plead cases before the district courts of Iceland.

Elísabet Björnsdóttir, Managing Director of Risk Management

Katrínartúni 2, 105 Reykjavík, Iceland

Elísabet Björnsdóttir was appointed Managing Director of Risk Management in 2023. Elísabet has been with the Issuer since 2021, where she led the Issuer's market funding. Prior to joining the Issuer, Elisabet worked for Landsbankinn and J.P. Morgan both in New York and London. Elísabet completed her master's degree in financial engineering from Cornell University in 2008, a B.Sc. degree in civil engineering from the University of Iceland in 2006 and is a certified securities broker.

Bjarni Eyvinds Þrastarson, Managing Director of Investment Banking

Katrínartún 2, 105 Reykjavík, Iceland

Bjarni Eyvinds Þrastarson joined the Issuer (formerly MP banki hf.) in July 2009, after serving as Senior Vice President of Equity sales in Straumur Investment Bank hf. from 2007 to 2009. Prior to joining the Issuer, he worked for Reykjavik Savings Bank, MP banki hf., Íslandsbanki hf., and Straumur Investment Bank hf. He graduated from the George Washington University with a BBA degree in 2002 and is a certified securities broker.

Halldór Snæland, Managing Director of Commercial Banking

Katrínartún 2, 105 Reykjavík, Iceland

Halldór Snæland was appointed Managing Director of Commercial Banking in February 2024. Halldór has been with Kvika since 2015, he was Director of Operations from 2020-2024 and before that he was a specialist in Kvika's Treasury. Prior to joining the Issuer, Halldór was Director of Finance and Operations at Sidekick Health, Director of Treasury at MP and a specialist in Risk Management at Kaupþing and Búnaðarbanki Íslands. Halldór holds an M.Sc. degree in engineering management from KTH Royal Institute of Technology in Stockholm in 2014, a B.Sc. degree in industrial engineering from the University of Iceland and is a certified securities broker.

Hannes Frímann Hrólfsson, CEO of Kvika Asset Management

Katrínartún 2, 105 Reykjavík, Iceland

Hannes Frímann Hrólfsson has worked for the Group since 2012, first as CEO of Auður Capital (later Virðing hf.) which merged with the Issuer in 2017. Prior to that, Hannes was the Managing Director and co-founder of Tindar Securities and a deputy managing director of treasury and capital markets at Arion banki and Kaupþing bank. Hannes holds a Cand. oecon degree in Business Administration from the University of Iceland. He is a certified securities broker and holds an ACI Dealing certificate.

Committees established by the CEO

The CEO of the Issuer is responsible for the effective implementation of the risk policy through the corporate governance structure and committees. In that respect, the CEO has established five committees which are responsible for developing and monitoring risk management policies in their specified areas.

Asset and Liability Committee (ALCO)

ALCO supervises the management of the Issuer's balance sheet, assets and liabilities, and strives to achieve the goals of profitability. This involves determining the most efficient division between returns and risk, and allocating funds to the Issuer's business units. ALCO sets measurable profitability goals and strives to achieve them. ALCO is composed of the CEO, the deputy CEO, the CFO, the Head of Treasury and the Managing Director of Risk Management. The deputy Head of Treasury attends committee meetings as an impartial observer and does not participate in the decision-making on individual decisions. However, the deputy Head of Treasury has the right to speak at committee meetings and has the right to put forward motions.

Credit Committee

The Credit Committee addresses matters regarding the Issuer's loan activities and is responsible for and makes decisions on the investments and sale of unlisted securities, and in relation to divisions other than Treasury and Proprietary Trading, the Credit Committee oversees the investment and sale of unit share certificates in funds for collective investment. The Credit Committee is responsible for the approval of larger loans and is the primary forum for the discussion of the Issuer's credit rules, including credit limits for relevant divisions of the Issuer. The Credit Committee is composed of the CEO, the deputy CEO, the CFO, the Managing Director of Commercial Banking, the Managing Director of Investment Banking and the General Counsel. The Managing Director of Risk Management attends committee meetings as an impartial person and does not participate in decision-making on individual lending or investments. The Managing Director of Risk Management is authorised to speak at meetings and has a power to veto.

Operations Committee

The Operations Committee is responsible for supervision and implementation of the Issuer's security and quality policies. The security policy mainly addresses data security and operational security in IT systems, physical security for personnel and proper access controls and monitoring the Issuer's premises. The quality policy is aimed at upholding proper quality in work processes, IT systems and services to support performance and profitability, lower operational risk and improving the customer experience. The committee is composed of the COO, the Head of Operations, the Managing Director of Risk Management and Kvika Asset Management's head of operations. Further, the Operations Committee operates three sub-committees focused on law and regulation developments, IT security and data.

Risk Committee

The CEO has established a Risk Committee which is separate from the Risk Committee appointed by the Board and oversees the implementation of and compliance with the Group's risk policy and risk management framework. The committee has a comprehensive overview of the main risks faced by the Group and monitor that risk-taking is in accordance with the Board's risk appetite. The committee reviews the rules of procedure of other committees and ensures that procedures are coordinated between different committees and subsidiaries.

Sustainability Committee

The Sustainability Committee is responsible for the supervision and implementation of the Group's sustainability policy and related decision making. The Sustainability Committee is composed of the CEO, the COO, the Managing Director of Commercial Banking, the Managing Director of Investment Banking, The CEO of Kvika Asset Management and the Director of Sustainability.

Potential Conflicts of Interest

Many employees own shares in the Issuer and/or share purchase options issued by the Issuer. Similarly, members of the Issuer's Executive Management and members of the Board own shares in the Issuer as well as options issued by the Issuer. A number of these individuals have contributed to the preparation of this Base Prospectus. Aside from the aforementioned, neither the Board nor members of the executive management are aware of any other potential conflicts of interest between the duties of the members of the Board or members of the Executive Management to the Issuer and their private interests or other duties.

The Issuer has in place rules against conflicts of interests, which include the Issuer's policy on conflicts of interests which may be accessed on the Issuer's website and is not incorporated by reference into this Base Prospectus.

SHAREHOLDERS

The Issuer's share capital consists of one class of shares and each issued share carries equal rights, in accordance with the Issuer's Articles of Association. The ISIN number of the Shares is IS0000020469. The shares' ticker symbol in the trading system of Nasdaq Iceland is KVIKA.

The Issuer had 2,725 shareholders at 31 December 2024, none of whom hold more than 10 per cent. of total shares in the Issuer. Pursuant to the Act on Financial Undertakings, the Issuer is obliged to specify on its website the names and proportional holdings of all parties, and beneficial owners, owning more than 1 per cent. of total share capital in the Issuer at any given time.

To the extent known to the Issuer, the Issuer is not directly or indirectly owned or controlled by parties other than listed shareholders.

FINANCIAL INFORMATION

The consolidated financial statements of the Issuer for the years 2024 and 2023 have been prepared in accordance with IFRS as adopted by the European Union, and additional requirements in the Act on Annual Accounts. The consolidated financial statements include the Issuer and its subsidiaries. The Issuer's latest financial statements comprise the period of 1 January 2024 to 31 December 2024 and include the Issuer and its subsidiaries.

Deloitte ehf. has audited the Group's consolidated financial statements for the years ended 2024 and 2023, and reviewed the Group's condensed interim consolidated financial statements for the six months ended 30 June 2024 and 30 June 2023.

Auditors

The Issuer's audit firm is Deloitte ehf., reg. no. 521098-2449, Dalvegi 30, 201 Kópavogi, Iceland. Deloitte ehf. has been the Issuer's audit firm since it was elected at the Issuer's annual general meeting in March 2016.

REGULATORY AND TAX ENVIRONMENT

Capital Requirements

The Issuer's capital management framework is based on the CRD/CRR regulatory framework.

The transposition of the CRD/CRR into Icelandic law has taken place in separate amendments. The first amendment was introduced on 9 July 2015 by Act No. 57/2015, which amended the Act on Financial Undertakings no. 161/2002. This amendment includes the CRD IV provisions on capital buffers and adopts a regulation implementing the provisions of the CRR and related technical standards. The second amendment was introduced on 21 September 2016 by Act No. 96/2016, which includes the CRD IV provisions on capital requirements, supervisory review and evaluation process and leverage ratios. On 6 March 2017, the Ministry of Finance and Economic Affairs adopted Regulation No. 233/2017 on prudential requirements for financial undertakings, which implements the CRR No. 575/2013/EU, although omitting provisions such as the SME supporting factor. The third amendment, which was introduced on 9 May 2017 by Act No. 23/2017, further amended the Financial Undertakings Act and includes the CRD IV provision on whistleblowing. The fourth amendment, which was introduced in June 2018 by Act No. 54/2018 and further amended by the Financial Undertakings Act, includes provisions on supervision on a consolidated basis, prudential requirements on a consolidated basis, supervisory collaboration among competent authorities in EU Member States, and rules in respect of large risk exposures. Furthermore, the Act No. 54/2018 updates the legal basis for implementing Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms, which was to a large extent implemented into Icelandic law in March 2017 with Regulation No. 233/2017. In February 2019, a further amendment to the Financial Undertakings Act was approved by the Icelandic Parliament, further implementing CRD IV into Icelandic law, please see Act No. 8/2019, amending the Financial Undertakings Act. The Act No. 8/2019 related to the number of directorships which may be held simultaneously, as well as further enhancing the duties of auditors under the Financial Undertakings Act. In June 2021, an amendment to the Financial Undertakings Act was approved by the Icelandic Parliament, further implementing CRD IV to allow for implementation of Regulation (EU) No. 2019/630 (Non-Performing Exposures) and Regulation (EU) 2019/876, often referred to as CRR II. On 1 July 2022, the implementation of CRD IV into Icelandic law was concluded, along with amendments through CRD V and CRR II. On 1 July 2022, Regulation No. 233/2017 was repealed and the EU regulations adopted directly.

Prospective investors in the Notes should consult their own advisers as to the consequences of the implementation of CRD IV and the CRR as well as further changes to capital adequacy and liquidity requirements in Iceland.

European Bank Recovery and Resolution Directive

On 2 July 2014, the BRRD entered into force. The BRRD is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing relevant entity, in order to ensure the continuity of the relevant entity's critical financial and economic functions, while minimising the impact of a relevant entity's failure on the economy and financial system.

Iceland, together with Liechtenstein and Norway (the **EEA States**), is a party to the EEA Agreement by which the EEA States participate in the internal market of the EU. The BRRD was incorporated into the EEA Agreement on 9 February 2018 with Decision No. 21/2018 of the EEA Joint Committee and was fully implemented in Iceland on 24 June 2020 by legislation which entered into force on 1 September 2020.

The provisions of the BRRD have been implemented into Icelandic law by means of a combination of legislative acts. First, the passage of Act No. 54/2018, amending the Act on Financial Undertakings, implemented the BRRD provisions focusing on recovery plans and timely intervention to prevent an economic shock to financial institutions operating in Iceland.

Second, the enactment of Act No. 70/2020 on Recovery and Resolution of Credit Institutions and Investment Firms implemented the parts of the BRRD which provide for the resolution process, from preventative measures and preparation, to decision-making and the implementation of each resolution. Under the Act, the Central Bank of Iceland possesses powers of resolution and can take action, prepare and execute resolution procedures on behalf of credit institutions and investment firms.

As the Resolution Authority, the Central Bank of Iceland oversees the preparation and implementation of each resolution and oversees a special funding resource, the Resolution Fund, which is intended to finance the resolution process. Additionally, the Act also provides for the implementation of Minimum Requirement for own funds and Eligible Liabilities (**MREL**) in Iceland and amended the amount guaranteed in the deposit guarantee scheme under which payments to each depositor are now guaranteed up to the equivalent of EUR 100,000 in ISK.

The Hierarchy of Claims Bill has been enacted into law by the Icelandic Parliament, which implements Directive 2017/2399/EU (and amends the Recovery and Resolution Act) with regards to the position of unsecured debt instruments in the insolvency hierarchy.

The BRRD contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that (a) a relevant entity is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such relevant entity within a reasonable timeframe, and (c) a resolution action is in the public interest. These resolution tools are: (i) sale of business – which enables resolution authorities to direct the sale of the relevant entity or the whole or part of its business on commercial terms; (ii) bridge institution – which enables resolution authorities to transfer all or part of the business of the relevant entity to a "bridge institution" (an entity created for this purpose that is wholly or partially in public control), which may limit the capacity of the relevant entity to meet its repayment obligations; (iii) asset separation – which enables resolution authorities to transfer any assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can only be used together with another resolution tool); and (iv) bail-in – which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing relevant entity and to convert certain unsecured debt claims (including Notes) to equity (the **general bail-in tool**), which equity could also be subject to any future cancellation, transfer or dilution.

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

When applying the general bail-in tool, the resolution authority must first reduce or cancel common equity tier one, and thereafter reduce, cancel and convert additional tier one instruments and then tier two instruments. Other unsubordinated debt may also be reduced, cancelled or converted in accordance with the hierarchy of claims in normal insolvency proceedings. If this total reduction is less than the amount needed, the resolution authority will reduce or convert, to the extent required, the principal amount or outstanding amount payable in respect of unsecured creditors in accordance with the hierarchy of claims in normal insolvency proceedings. The BRRD excludes certain liabilities from the application of the general bail-in tool and provides also that the resolution authorities may exclude or partially exclude certain further liabilities from the application of the general bail-in tool. Accordingly, *pari passu* liabilities may be treated unequally and as a result, the claims of other holders of junior or *pari passu* liabilities may be excluded from the application of the general bail-in tool, meaning the holders of such claims may receive a treatment which is more favourable than that received by Noteholders.

Furthermore, the resolution authorities will have the power to amend or alter the maturity of debt instruments and other eligible liabilities, amend the amount of interest payable under such instruments and other eligible liabilities, or amend the date on which the interest becomes payable, including by suspending interest payments for a temporary period.

In addition to the resolution tools (such as the general bail-in tool), the BRRD provides for resolution authorities to have the further power to permanently write down or convert into equity, capital instruments (such as the Subordinated Notes) at the point of non-viability and before, or at least together with, the application of any other resolution action (**non-viability loss absorption**). Any shares issued to holders of the Subordinated Notes upon any such conversion into equity may also be subject to any application of the general bail-in tool or other powers under the BRRD.

For the purposes of the application of any non-viability loss absorption measures, the point of non-viability under the BRRD is the point at which (i) the relevant authority determines that the relevant entity meets the conditions for resolution (but no resolution action has yet been taken) or (ii) the relevant authority or authorities, as the case may be, determine(s) that the relevant entity or group will no longer be viable unless the relevant capital instruments (such as the Subordinated Notes) are written down or converted, or (iii) extraordinary public financial support is required by the relevant entity other than, where the entity is an institution, for the purposes of remedying a serious disturbance in the economy of an EEA State and to preserve financial stability, subject to the EU/EEA state aid regime.

In June 2019, BRRD II was published, amending, among other things, the BRRD as regards the loss-absorbing and recapitalisation capacity of credit institutions and investment firms. BRRD II focuses on the implementation of total loss absorbing capacity (**TLAC**) into EU legislation and the integration of the TLAC requirement with MREL to avoid duplication. BRRD II was incorporated into the EEA Agreement by EEA Joint Committee Decision No. 145/2022 and implemented into Icelandic law by Act No 63/2023. In December 2021, the Central Bank of Iceland as the Icelandic Resolution Authority published its MREL policy and in January 2025 it published its decision on the MREL requirements for the Issuer, being 22.0 per cent. of the total risk exposure amount and 6.0 per cent. of the total exposure measure.

Tax Environment

The Issuer's results of operations depend, to a certain extent, on tax laws and tax treaties, or the interpretation thereof.

Under the Act on Special Tax on Financial Institutions, No. 155/2010, which requires certain types of financial institutions, including the Issuer, to pay an annual levy of the carrying amount of their liabilities as determined for tax purposes. This levy is currently 0.145 per cent. Non-financial subsidiaries are exempt from this tax. There can be no assurance that the levy will not be further increased.

In June 2009, the Icelandic Parliament adopted an amendment to the Income Tax Act No. 90/2003 (the **ITA**) as a result of which payments of Icelandic sourced interest by an Icelandic debtor, such as the Issuer, to a foreign creditor, including holders of Notes who are not Icelandic, are taxable in Iceland at a current rate of 12 per cent. This taxation is applicable unless the foreign creditor can demonstrate and obtain approval from the Directorate of Inland Revenue in Iceland that an exemption applies, such as the existence of a relevant double taxation treaty, and in such case, the provisions of the double tax treaty will apply. Bonds issued by energy companies and certain financial institutions, including bonds issued by the Issuer, are also subject to exemption. The exemption, subject to certain other requirements, applies to bonds that are held through a clearing system, such as Euroclear, Clearstream, Luxembourg and the CSD within a member state of the Organisation for Economic Co-operation and Development (OECD) or the EEA, a founding member state of European Free Trade Association (EFTA) or the Faroe Islands.

The Issuer is required to pay a special tax levied on all remuneration paid to employees in accordance with the Act on Tax on Financial Activities, No. 165/2011. The levy is currently set at 5.5 per cent. of such remuneration. Additionally, under Article 71 of the ITA, there is a special additional income tax on legal entities liable for taxation according to Article 2 of Act No. 165/2011, which includes the

Issuer. The levy is set at 6 per cent. on income over ISK 1 billion, disregarding joint taxation and transferable losses.

TAXATION

General

Prospective purchasers of Notes are advised to consult their tax advisers as to the consequences, under the tax laws of Iceland and the countries of their respective citizenship, residence or domicile, of a purchase of Notes, including, but not limited to, the consequences of receipt of payments under the Notes and their disposal or redemption.

Iceland Taxation

The comments below are of a general nature based on the Issuer's understanding of current law and practice in Iceland. This is not tax advice but a mere general overview of Icelandic rules as at the date of this Base Prospectus. Prospective holders of the Notes who are in any doubt as to their personal tax position or who may be subject to tax in any other jurisdiction, should consult their professional advisers.

Furthermore, investors should note that the appointment by an investor in Notes, or any person through which an investor holds Notes, of a custodian, collection agent or similar person in relation to such Notes in any jurisdiction may have tax implications.

In light of the existing withholding tax regime in Iceland as regards non-residents, the clearing of the Notes through Euroclear and/or Clearstream, Luxembourg will be subject to confirmation that the relevant registration requirements with the Icelandic authorities have been completed.

Icelandic residents

Beneficial owners of the Notes that are resident in Iceland for tax purposes are subject to income tax in Iceland on their interest income in accordance with Icelandic tax law. The applicable tax rate depends on their tax status.

Icelandic residents are subject to tax on any interest income derived by them from the Notes, companies at the rate of 20 per cent., individuals at the rate of 22 per cent., and taxable partnerships at the rate of 37.6 per cent.

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

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

Non-Icelandic residents

As a general rule, Article 3 (8) of the Icelandic Income Tax Act provides that any interest received from Iceland (outbound payments), such as the interest payable under the Notes, by any person or entity residing outside of Iceland is taxable income in Iceland. According to Article 70 (8) of the Icelandic Income Tax Act, the current tax rate on taxable income under Article 3 (8) is (a) 12 per cent. for individuals (only applicable to interest income exceeding the annual amount of ISK 300,000.00); and (b) 12 per cent. for legal entities.

Non-Icelandic residents are not subject to Icelandic tax on any interest income derived by them from the Notes provided the Notes 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, and the Issuer has registered any Notes issued under the Programme with the Directorate of Internal Revenue in Iceland and received confirmation of exemption for the Notes from such taxation, all in accordance with point 8 of the first Paragraph of Article 3 of Act no. 90/2003 on Income Tax. The Issuer will request that the Directorate of Internal Revenue provide a certificate of such tax exemption for each issue of Notes.

In the event that the Issuer is required to withhold tax then the provisions of Condition 7 will apply and the Issuer will be required to pay additional amounts to cover the amounts so withheld.

Capital gains on the sale of the Notes are classified as interest and should thus not be subject to tax in Iceland, provided that a tax exemption is in place in accordance with the above.

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

The Proposed Financial Transactions Tax

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common financial transaction tax (**FTT**) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No. 1287/2006 are expected to be exempt.

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

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Notes are strongly advised to seek their own professional advice in relation to the FTT.

Foreign Account Tax Compliance Act

The Foreign Account Tax Compliance Act (**FATCA**) imposes a 30 per cent. United States withholding tax on certain United States source payments, including interest (and original issue discount), dividends (and dividend equivalents), or other fixed or determinable annual or periodical gain, profits, and income (**Withholdable Payments**), if paid to a foreign financial institution (including amounts paid to a foreign financial institution on behalf of a holder), unless such institution enters into an agreement with the United States Treasury Department to collect and provide to the United States Treasury Department certain information regarding United States account holders, including certain account holders that are foreign entities with United States owners or otherwise complies with FATCA. A Note may constitute a "financial account" for these purposes and thus, be subject to information reporting requirements pursuant to FATCA.

In addition, under FATCA, "passthru payments" made by a foreign financial institution to "recalcitrant holders" or non-compliant foreign financial institutions are subject to a 30 per cent. United States withholding tax. A "recalcitrant holder" generally is a holder of an account with a foreign financial institution that fails to comply with reasonable requests for information that will help enable the relevant foreign financial institution to comply with its reporting requirements. Pursuant to United States Treasury Department regulations, a passthru payment is any Withholdable Payment and any "foreign passthru payment", which has yet to be defined. Under the regulations and other guidance, the 30 per cent. United States withholding tax on "recalcitrant holders" or non-compliant foreign financial institutions may be imposed on non-United States source payments made by the Issuer with respect to the Notes no earlier than the date that is two years after the date on which final regulations defining the term foreign pass thru payment are published in the United Stated Federal Register.

If the Issuer determines withholding is appropriate with respect to the Notes, the Issuer will withhold tax at the applicable statutory rate without being required to pay any additional amounts with respect to amounts so withheld. However, the withholding tax will not be imposed on payments pursuant to obligations giving rise to Withholdable Payments solely because payments are treated as foreign passthru payments if the obligation is treated as debt and is executed on or before the date of that is six months after the date on which final regulations defining the term foreign passthru payment are filed with the United States Federal Register. Holders are urged to consult with their own tax advisers regarding the possible implications of FATCA on their investment in the Notes.

SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated programme agreement (such programme agreement as modified and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 11 March 2025, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States 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 or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

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

Prohibition of sales to EEA Retail Investors

Unless the Final Terms or (in the case of Exempt Notes) Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base

Prospectus as completed by the Final Terms or (in the case of Exempt Notes) Pricing Supplement in relation thereto to any retail investor in the EEA. For the purposes of this provision:

(a) the expression **retail investor** means a person who is one (or more) of the following:

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

(ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in the Prospectus Regulation; and

(b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Final Terms or (in the case of Exempt Notes) Pricing Supplement, specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable” in relation to each Member State of the EEA, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms or (in the case of Exempt Notes) Pricing Supplement in relation thereto to the public in that Member State except that it may make an offer of such Notes to the public in that Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an **offer of Notes to the public** in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United Kingdom

Unless the Final Terms or (in the case of Exempt Notes) Pricing Supplement in respect of any Notes specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms or (in the case of Exempt Notes)

Pricing Supplement in relation thereto to any retail investor in the UK. For the purposes of this provision:

(a) the expression retail investor means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law 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 Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or

(iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and

(b) the expression an offer includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Final Terms or (in the case of Exempt Notes) Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms or (in the case of Exempt Notes) Pricing Supplement in relation thereto to the public in the UK except that it may make an offer of such Notes to the public in the UK:

(a) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the UK subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision the expression an **offer of Notes** to the public in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and **UK Prospectus Regulation** means Regulation (EU) 1129/2017 as it forms part of UK domestic law by virtue of the EUWA.

Other UK regulatory restrictions

Each Dealer has also represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

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

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

Japan

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

Hong Kong

The Notes may not be offered or sold in Hong Kong, by means of any document, other than (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent); or (ii) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the **SFO**) and any rules made under the SFO; or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the **C(WUMP)O**) or which do not constitute an offer to the public within the meaning of the C(WUMP)O.

No person may issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

Unless the Final Terms or (in the case of Exempt Notes) Pricing Supplement in respect of any Notes specifies "Singapore Sales to Institutional Investors and Accredited Investors only" as "Not Applicable", each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore (**MAS**). Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or (b) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

If the Final Terms or (in the case of Exempt Notes) Pricing Supplement in respect of any Notes specifies "Singapore Sales to Institutional Investors and Accredited Investors only" as "Not Applicable", each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Switzerland

This Base Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Notes described herein. The Notes 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 Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Base Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA, and neither this Base Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

General

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

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

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of Notes have been duly authorised by resolutions of the Board of the Issuer dated 24 November 2021, 21 December 2022 and 30 January 2025.

Listing of Notes

This Base Prospectus has been approved by the Central Bank of Ireland as a base prospectus. Application has been made to Euronext Dublin for Notes issued under the Programme to be admitted to the Official List and to trading on the Regulated Market. The Regulated Market is a regulated market for the purposes of MiFID II.

However, Notes may be issued pursuant to the Programme which will not be admitted to listing on the Official List and admitted to trading and/or quotation by the regulated market of Euronext Dublin or any other listing authority, stock exchange and/or quotation system or which will be admitted to listing, trading and/or quotation by such listing authority, stock exchange and/or quotation system as the Issuer and the relevant Dealer(s) may agree.

Irish Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Programme and is not itself seeking admission of Notes issued under the Programme to the Official List or to trading on the Regulated Market for the purposes of the Prospectus Regulation.

Documents Available

For the life of this Base Prospectus, the following documents will, when published, be available for inspection at https://kvika.is/en/fjarfestaupplysingar/?category=funding&subCategory=0:

(a) the constitutional documents (with an English translation thereof) of the Issuer;

(b) the Agency Agreement, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;

(c) a copy of this Base Prospectus; and

(d) any future offering circulars, prospectuses, information memoranda and supplements including Final Terms and Pricing Supplements (save that a Pricing Supplement will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Base Prospectus and any other information incorporated therein by reference.

In addition, copies of this Base Prospectus, any supplement to this Base Prospectus and Final Terms relating to Notes listed on Euronext Dublin will be published on the website of Euronext Dublin at https://live.euronext.com/en/markets/dublin. Copies of Final Terms relating to Notes which are admitted to trading on any other regulated market in the EEA, will be published in accordance with the rules and regulations of the relevant listing authority or stock exchange and otherwise in accordance with the Prospectus Regulation.

Clearing Systems

The Notes (other than CSD Notes) have been accepted for clearance through Euroclear and Clearstream, Luxembourg which are the entities in charge of keeping the records. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement. The relevant ISIN and (if applicable) common code, will be specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement. The appropriate securities code for each Tranche of CSD Notes will be specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement. In the case of CSD Notes, the CSD is the entity in charge of keeping the records. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms or (in the case of Exempt Notes) Pricing Supplement.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking SA, 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of the registered office of the Nasdaq CSD Iceland is Laugavegur 182, 105 Reykjavík, Iceland.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

There has been no significant change in the financial performance or financial position of the Group since the end of the last financial period for which audited or interim consolidated financial information has been published and there has been no material adverse change in the prospects of the Issuer since the date of its last published audited consolidated financial statements.

Litigation

Neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

Auditors

The auditors of the Issuer are Deloitte ehf., State Authorised Public Accountants of Dalvegi 30, 201 Kópavogi, Iceland, who have audited the consolidated financial statements as of and for the years ended 31 December 2024 and 31 December 2023, without qualification, which were prepared in accordance with IFRS as adopted by the EU for each of the financial years ended 31 December 2024 and 31 December 2023.

The auditors are members of The Institute of State Authorised Public Accountants and are independent within the meaning of Independent State Authorised Public Accountant.

Dealers transacting with the Issuer

The Dealers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. Certain of the Dealers and/or their affiliates have, directly or indirectly, performed investment and commercial banking or financial advisory services for the Issuer, for which they have received customary fees and commissions, and they expect to provide these services to the Issuer and its affiliates in the future, for which they also expect to receive customary fees and commissions.

In addition, in the ordinary course of their business activities, the Dealers 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 Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers 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 the Issuer's securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Dealers 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.

Yield

In relation to any Tranche of Fixed Rate Notes or Reset Notes which are not Exempt Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price and on the basis of the rate of interest as at the Issue Date of the Notes. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

Websites

In this Base Prospectus, reference to websites or uniform resource locators (**URL**s) are inactive textual references. The contents of any such website or URL shall not form part of, or be deemed to be incorporated into, this Base Prospectus.

Original language references

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

ISSUER

Kvika banki hf.
Katrínartún 2
105 Reykjavík
Iceland

PRINCIPAL PAYING AGENT

Citibank, N.A., London Branch
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

REGISTRAR

Citibank Europe plc
1 North Wall Quay
Dublin 1
Ireland

ARRANGER

Swedbank AB (publ)
SE-105 34
Stockholm
Sweden

DEALERS

Barclays Bank Ireland PLC
One Molesworth Street
Dublin 2
D02RF29
Ireland

BofA Securities Europe SA
51 rue La Boétie
75008 Paris
France

Jefferies GmbH
Bockenheimer Landstrasse 24
60323 Frankfurt am Main
Germany

J.P. Morgan SE
Taunustor 1 (TaunusTurm)
60310 Frankfurt am Main
Germany

Morgan Stanley Europe SE
Grosse Gallusstrasse 18
60312 Frankfurt-am-Main
Germany

Nordea Bank Abp
Satamaradankatu 5
FI-00020 Nordea
Finland

Kvika banki hf.
Katrínartún 2
105 Reykjavík
Iceland

Swedbank AB (publ)
SE-105 34
Stockholm
Sweden

LEGAL ADVISERS

To the Issuer as to Icelandic law

ADVEL Attorneys at Law
Hafnartorg, Kalkofnsvegur 2
101 Reykjavík
Iceland

To the Dealers as to English law

Allen Overy Shearman Sterling LLP
One Bishops Square
London E1 6AD
United Kingdom

INDEPENDENT AUDITORS

Deloitte ehf.
Dalvegi 30
201 Kópavogi
Iceland

IRISH LISTING AGENT

Arthur Cox Listing Services Limited
Ten Earlsfort Terrace
Dublin 2
Ireland

Printed by Allen Overy Shearman Sterling LLP

UKO2: 2009709418.13