

DEED OF COVENANT

THIS DEED OF COVENANT is made on 14 December 2023 by **ARION BANK HF.** (the **Issuer**) in favour of the account holders or participants specified below of Clearstream Banking, SA (**Clearstream, Luxembourg**), Euroclear Bank SA/NV (**Euroclear**) and/or any other additional clearing system or systems as is specified in the Final Terms relating to any Covered Bond (as defined below) (each a **Clearing System**).

WHEREAS:

- (A) The Issuer has entered into a Programme Agreement (the **Programme Agreement**, which expression includes the same as it may be amended, supplemented, novated and/or restated from time to time) dated 10 February 2012 with the Dealers named in it under which the Issuer proposes from time to time to issue Covered Bonds (the **Covered Bonds**).
- (B) The Issuer has entered into an Agency Agreement (the **Agency Agreement**, which expression includes the same as it may be further amended, supplemented, novated and/or restated from time to time) dated 10 February 2012 between, *inter alios*, the Issuer and The Bank of New York Mellon, London Branch (the **Fiscal Agent**).
- (C) The Covered Bonds will initially be represented by, and comprised in, Global Covered Bonds, in each case representing a certain number of underlying Covered Bonds (the **Underlying Covered Bonds**).
- (D) Each Global Covered Bond may, after issue, be deposited with a depository for one or more Clearing Systems (together, the **Relevant Clearing System**). Upon any deposit of a Global Covered Bond the Underlying Covered Bonds represented by the Global Covered Bond will be credited to a securities account or securities accounts with the Relevant Clearing System. Any account holder with the Relevant Clearing System which has Underlying Covered Bonds credited to its securities account from time to time (each a **Relevant Account Holder**) will, subject to and in accordance with the terms and conditions and operating procedures or management regulations of the Relevant Clearing System, be entitled to transfer the Underlying Covered Bonds and (subject to and upon payment being made by the Issuer to the bearer in accordance with the terms of the relevant Global Covered Bond) will be entitled to receive payments from the Relevant Clearing System calculated by reference to the Underlying Covered Bonds credited to its securities account.
- (E) In certain circumstances specified in each Global Covered Bond, a Global Covered Bond will become void. The time at which a Global Covered Bond becomes void is referred to as the **Relevant Time**. In those circumstances each Relevant Account Holder will, subject to and in accordance with the terms of this Deed, acquire against the Issuer all those rights which the Relevant Account Holder would have had if, prior to the Global Covered Bond becoming void, duly executed and authenticated Definitive Covered Bonds had been issued in respect of its Underlying Covered Bonds and those Definitive Covered Bonds were held and beneficially owned by the Relevant Account Holder.

NOW THIS DEED WITNESSES AS FOLLOWS:

1. Unless otherwise defined in this Deed or the context requires otherwise, words and expressions used in this Deed have the meanings and constructions ascribed to them in the Agency Agreement.

In this Deed:

ACT Assets Amount has the meaning given to it in Clause 10.1 below;

ACT Liabilities Amount has the meaning given to it in Clause 10.1 below;

Asset Coverage Test has the meaning given to it in Clause 10.1 below;

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;

Collateral Reserve Account has the meaning given to it Clause 8.1 below;

Collateral Reserve Account Required Amount means, in respect of all Series of non-ISK Covered Bonds, an amount (as set out in the collateralisation requirements described in “Moody’s Approach to Assessing Counterparty Risks in Structured Finance” as published on 28 June 2022 (“**Moody’s Criteria**”)) commensurate with the collateral posting amounts that a Currency Swap Provider, which is subject to the collateral posting requirements in accordance with the Moody’s Criteria that it would have been required to maintain in respect of a cross-currency hedge transaction, that is not a cap, floor or swaption transaction, which applies the Moody’s original collateral provisions as if the Collateral Trigger Requirements (as defined in the Relevant Reference Currency Swap Agreement) applied to the Currency Swap Provider in accordance with the terms of the relevant credit support annex(es) forming part of an agreement in the form of the Relevant Reference Currency Swap Agreement(s) if it had entered into such agreement(s) with the Issuer in connection with the relevant Series of Covered Bonds (or such other lower amount as agreed with Moody’s that is required to maintain the then current rating of the relevant Series of Covered Bonds);

Cover Pool means the pool of eligible assets recorded in the Register maintained by the Issuer in accordance with the Icelandic Covered Bond Act;

Cover Pool Value has the meaning given to it in Clause 10.1 below;

Cover Pool Revenue has the meaning given to it in Clause 11.3 below;

Currency Swap Agreement means the ISDA Master Agreement, schedule, credit support annex (if applicable) and confirmation(s) (as amended and supplemented from time to time) relating to the Currency Swap(s) entered into from time to time between the Issuer and each Currency Swap Provider;

Currency Swap Provider means any reference or actual (as the context requires) third party counterparty;

Currency Swap means a currency swap which enables the Issuer to hedge currency risks arising from (a) Covered Bonds which are issued in currencies other than ISK and (b) if required, assets (other than bonds as defined in Article 2 of the Icelandic Covered Bond Act which are issued by borrowers and as described in Article 5 of the Icelandic Covered Bond Act) which are registered to the Cover Pool and are denominated in ISK;

Deposit Set-off Amount means in respect of a Series of Covered Bonds assigned a rating by Moody’s (i) nil if the Issuer’s counterparty risk assessment rating assigned by Moody’s is at least ‘Baa3 (cr)’ or above, or (ii) if (i) is not applicable, the "Potential Set-Off Amount" calculated pursuant to the relevant Moody’s rating methodology.

Eligible Institution means in respect of a Series of Covered Bonds rated by Moody’s, any bank whose counterparty risk assessment rating is at least ‘Baa3 (cr)’ by Moody’s (or such other rating as may be agreed by Moody’s).

Eligible Swap Collateral Account Bank in respect of a Series of Covered Bonds rated by Moody’s, any bank whose long term deposit rating is at least ‘A3’ by Moody’s (or such other rating as may be agreed by Moody’s);

Eligible Collateral Reserve Account Bank in respect of a Series of Covered Bonds rated by Moody’s, any bank whose long term deposit rating is at least ‘A3’ by Moody’s (or such other rating as may be agreed by Moody’s);

Issuer Accounts means the Transaction Account and the Liquidity Buffer Account and **Issuer Account** means any of them;

Issuer Rating means the Issuer's long-term issuer credit rating assigned by, as the context requires, Moody's or such other Rating Agency;

Issuer Required Rating means in respect of a Series of Covered Bonds rated by Moody's, the counterparty risk assessment rating from Moody's ("**CR Assessment**") of the Issuer is 'Baa3 (cr)' or above by Moody's or if there's no CR Assessment then the Issuer's long-term, unsecured and unsubordinated debt or counterparty obligations are rated 'Baa3' or above;

Liquidity Buffer Account has the meaning given to it in Clause 11.1 below;

Monthly Calculation Date means the last Business Day of each month;

Moody's means Moody's Investors Service Ltd or any successor to its rating business;

Rating Agency means any rating agency engaged by the Issuer to assign a rating to a Series of Covered Bonds including any successor to any such rating agency's rating business, and **Rating Agencies** shall be construed accordingly;

Register has the meaning given to it in the Icelandic Covered Bond Act;

Relevant Reference Currency Swap Agreement means, in relation to a Series of Covered Bonds which are denominated in a currency other than ISK, an agreement in the form of an ISDA 2002 Master Agreement including the Schedule and Credit Support Annex thereto, together with the relevant form of currency swap confirmation for a Currency Swap, in each case in the form annexed to the applicable Series Deed of Covenant;

Series Deed of Covenant means a deed of covenant prepared in relation to a particular Series of Covered Bonds including the applicable form of Relevant Reference Currency Swap Agreement and **applicable Series Deed of Covenant** shall mean the Series Deed of Covenant applicable to the relevant particular Series of Covered Bonds;

Swap Collateral Account has the meaning given to it in Clause 11.2;

Swap Collateral Account Bank means the bank that maintains any collateral posting amounts required to be maintained by the Currency Swap Provider, in accordance with the relevant credit support annex(es) forming part of an agreement in the form of the Relevant Reference Currency Swap Agreement(s);

Third Party Expenses means any fees or expenses necessary to ensure the continued uninterrupted maintenance of the Cover Pool and timely payments to the Covered Bondholders including amounts payable to any Agent, any Calculation Agent, the Independent Inspector, any Eligible Institution, the Cover Pool Swap Provider and the Currency Swap Providers, if any, and any other creditor of the Issuer pursuant to any agreement entered into in the course of the Programme; and

Transaction Account has the meaning given to it in Clause 11.1 below.

2. **Applicability**

- 2.0 This Deed shall apply to all Covered Bonds issued on or after the date hereof and all references herein to a Covered Bond, a Global Covered Bond or an Underlying Covered Bond shall be construed accordingly.

2.1 This Deed shall not apply to the Covered Bonds issued prior to the date hereof and such Covered Bonds remain subject to the respective deed of covenant those Covered Bonds are issued under save for Clauses 8, 11 and 12 of this Deed of Covenant shall also apply in respect of the Series 2021-1 (ISIN: XS2391348740) and Series 2021-2 (ISIN: XS2500208991) Covered Bonds that have been issued by the Issuer prior to the date of this Deed of Covenant.

3. If any Global Covered Bond becomes void in accordance with its terms the Issuer covenants with each Relevant Account Holder (other than any Relevant Account Holder which is an account holder of any other Relevant Clearing System) that each Relevant Account Holder shall automatically acquire at the Relevant Time, without the need for any further action on behalf of any person, against the Issuer all those rights which the Relevant Account Holder would have had if at the Relevant Time it held and beneficially owned executed and authenticated Definitive Covered Bonds in respect of each Underlying Covered Bond represented by the Global Covered Bond which the Relevant Account Holder has credited to its securities account with the Relevant Clearing System at the Relevant Time.

The Issuer's obligation under this Clause 3 shall be a separate and independent obligation by reference to each Underlying Covered Bond which a Relevant Account Holder has credited to its securities account with the Relevant Clearing System and the Issuer agrees that a Relevant Account Holder may assign its rights under this Deed in whole or in part.

4. The records of the Relevant Clearing System shall be conclusive evidence of the identity of the Relevant Account Holders and the number of Underlying Covered Bonds credited to the securities account of each Relevant Account Holder. For these purposes a statement issued by the Relevant Clearing System stating:

- (a) the name of the Relevant Account Holder to which the statement is issued; and
- (b) the aggregate nominal amount of Underlying Covered Bonds credited to the securities account of the Relevant Account Holder as at the opening of business on the first day following the Relevant Time on which the Relevant Clearing System is open for business,

shall be conclusive evidence of the records of the Relevant Clearing System at the Relevant Time.

5. In the event of a dispute, the determination of the Relevant Time by the Relevant Clearing System shall (in the absence of manifest error) be final and conclusive for all purposes in connection with the Relevant Account Holders with securities accounts with the Relevant Clearing System.

6. All payments of principal and interest in respect of the Underlying Covered Bonds by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties or governmental charges of whatever nature imposed or levied by (i) or on behalf of the Republic of Iceland (**Iceland**) or any political subdivision or any authority thereof or therein having power to tax, or (ii) pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof, unless such withholding or deduction is required by law (including pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof). In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Relevant Account Holders after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of their Underlying Covered Bonds in the absence of such withholding or deduction; except that no such additional amounts shall be payable:

- (a) with respect to any Underlying Covered Bond of a Relevant Account Holder who is liable for such taxes or duties in respect of such Underlying Covered Bond by reason of his having some connection with Iceland other than the mere holding of such Underlying Covered Bond;
- (b) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive;
- (c) where such withholding or deduction is required to be made based on provisions of the Act on Withholding of Public Levies at Source No 45/1987, as amended, the Act on Withholding of Tax on Financial Income No 94/1996, as amended, and Article 3 of the Income Tax Act no. 90/2003 (**ITA**) and any other legislation, laws or regulations, replacing or supplementing the same; or
- (d) where such withholding or deduction is required by reason of the failure by any person other than the Issuer or an Agent to claim or perfect an exemption from any withholding or deduction (including, for the avoidance of doubt, as a result of any payment being made through an intermediary other than an Agent that is subject to withholding or deductions pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof).

7. The Issuer will pay any stamp and other duties and taxes, including interest and penalties, payable on or in connection with the execution of this Deed and any action taken by any Relevant Account Holder to enforce the provisions of this Deed.

8. **Relevant Reference Currency Swaps**

8.1 In connection with an issuance of each Series of Covered Bonds denominated in a currency other than ISK and assigned a rating by a Rating Agency, in circumstances where the Issuer does not maintain a counterparty risk assessment rating of at least 'Baa1 (cr)' by Moody's at any time when a Series of Covered Bonds rated by Moody's is outstanding and the Issuer does not otherwise enter into a Currency Swap in connection with such issuance, the Issuer covenants to establish on or before the Issue Date of such Series and maintain and update (to the extent required) on a weekly basis in its books, subject to Clause 11.2 below, an account (a **Collateral Reserve Account**). All amounts of cash and, if applicable, securities standing to the credit of the relevant Collateral Reserve Account will be denominated in the relevant currency and registered and updated (to the extent required) on a weekly basis in the Register so as to form part of the Cover Pool.

8.2 The Issuer shall within one Business Day of a relevant issuance and thereafter on a weekly basis (to the extent a Currency Swap Provider, which is subject to the collateral posting requirements in accordance with the Moody's Criteria would have been required to in accordance with the terms of the relevant credit support annex(es) forming part of an agreement in the form of the Relevant Reference Currency Swap Agreement(s), as if the Collateral Trigger Requirements (as defined in the Relevant Reference Currency Swap Agreement) applied to the Currency Swap Provider, if it had entered into such agreement(s) with the Issuer in connection with the relevant Series of Covered Bonds) credit and/or debit cash or securities to or from the relevant Collateral Reserve Account in accordance with Clause 8.3 below.

8.3 The amount of cash or securities required to be maintained in the relevant Collateral Reserve Account in connection with the issuance of a Series of Covered Bonds will be at least equal to the Collateral Reserve Account Required Amount.

8.4 In the event of the Issuer ceasing to hold the relevant Issuer Required Rating, the Issuer shall use commercially reasonable endeavours to enter into a Currency Swap Agreement for each Series of Covered Bonds substantially in the form of the Relevant Reference Currency Swap Agreement

(together with such amendments as may be agreed by the Issuer) with an eligible Currency Swap Provider within 30 days of the Issuer ceasing to hold the relevant Issuer Required Rating and may use amounts standing to the credit of the relevant Collateral Reserve Account to enter into such Currency Swap to exchange receipts from the assets comprising the Cover Pool payable in ISK and the currency of the relevant Series of Covered Bonds. For the purposes of this Clause 8, “eligible Currency Swap Provider” means such Currency Swap Provider whose rating is capable of supporting the then current rating by the relevant Rating Agency of the relevant issuance of Covered Bonds and whose rating is in accordance with the provisions of the Icelandic Covered Bond Act.

- 8.5 Where a Currency Swap Agreement is entered into between the Issuer and an eligible Currency Swap Provider, such Currency Swap Agreement shall be registered in the Register so as to form part of the Cover Pool and the requirement to maintain the relevant Collateral Reserve Account by the Issuer pursuant to Clause 8.1 above shall cease with respect to the relevant Series of Covered Bonds.
- 8.6 Where a Currency Swap Agreement is entered into between the Issuer and an eligible Currency Swap Provider, any collateral posting amounts required to be posted by the Currency Swap Provider, which is subject to the collateral trigger requirements in accordance with the Moody’s Criteria, shall be maintained at an Eligible Swap Collateral Account Bank. If the Swap Collateral Account Bank ceases to be an Eligible Swap Collateral Account Bank, the Issuer shall within 90 calendar days (or such longer period as may be agreed by Moody’s) following the first Business Day on which the Swap Collateral Account Bank ceases to be an Eligible Swap Collateral Account Bank, transfer the collateral posting amounts to an Eligible Swap Collateral Account Bank.
- 8.7 In the event that the Issuer is unable to enter into a Currency Swap with an eligible Currency Swap Provider in accordance with Clause 8.4 the requirements of Clauses 8.1 to 8.3 shall continue to apply and amounts standing to the credit of the relevant Collateral Reserve Account from time to time will remain registered in the Register so as to form part of the Cover Pool and will, if applicable, be transferred to a corresponding Swap Collateral Account established in accordance with the Issuer's obligations set out in Clause 11.1 below.
- 8.8 The Issuer shall use reasonable endeavours to ensure that any Currency Swap Agreement entered into pursuant to Clause 8.4 includes a subordinated swap termination payment provision, such that any Early Termination Amount due and payable by the Issuer to the relevant Currency Swap Provider under the relevant Currency Swap Agreement following the occurrence of (i) an Event of Default or a Termination Event in respect of a Tax Event upon Merger where the Currency Swap Provider is the Defaulting Party or the sole Affected Party, respectively, or (ii) an Additional Termination Event in respect of the Currency Swap Provider following a ratings downgrade of such Currency Swap Provider shall be subordinated to all other amounts payable in respect of the relevant Series of Covered Bonds.
- 8.9 The obligations of the Issuer to post collateral under Clauses 8.1 to 8.3 (inclusive) above shall not apply:
- (i) if there are no non-ISK Series of Covered Bonds remain outstanding; or
 - (ii) during such time that the Issuer maintains a counterparty risk assessment rating of at least ‘Baa1 (cr)’ by Moody’s at any time when a Series of Covered Bonds rated by Moody’s is outstanding; or
 - (iii) if such obligations are not required to maintain the then current rating of the relevant Series of Covered Bonds.
- 8.10 The obligations of the Issuer to enter into a Currency Swap Agreement under Clauses 8.4, 8.5, 8.7 and 8.8 (inclusive) above shall not apply:
- (i) if there are no non-ISK Series of Covered Bonds remain outstanding; or

- (ii) during such time that the Issuer maintains a counterparty risk assessment rating of at least 'Baa3 (cr)' by Moody's at any time when a Series of Covered Bonds rated by Moody's is outstanding; or
- (iii) if such obligations are not required to maintain the then current rating of the relevant Series of Covered Bonds.

9. **[RESERVED]**

10. **Asset Coverage Test**

10.1 On each Monthly Calculation Date, the Issuer shall determine whether the then total value, without double counting, of:

- (a) the assets comprising the Cover Pool (including any amounts comprising the liquidity buffer required to be maintained in accordance with the Icelandic Covered Bond Act) (the **Cover Pool Value**) (calculated in accordance with the Icelandic Covered Bond Act);
- (b) any amounts standing to the credit of the Collateral Reserve Account or the Swap Collateral Account; and
- (c) any cash amounts or securities in any Issuer Account,

(such total value amount being the **ACT Assets Amount**) exceeds the then total value of:

- (d) the Principal Amount Outstanding of all Series of Covered Bonds, together with all accrued interest thereon (provided that for the purpose of calculating such amounts in respect of any Series of Covered Bonds denominated in a currency other than ISK, the Principal Amount Outstanding (and such accrued interest) shall be calculated according to (i) the relevant prevailing spot exchange rate (as determined by the Issuer) on the relevant Monthly Calculation Date or (ii) if a Currency Swap has been entered into in respect of such Series of Covered Bonds, the relevant rate under that Currency Swap);
- (e) any other payment obligations that must be paid from the Cover Pool in accordance with the Icelandic Covered Bond Act during the period to and including the next following Monthly Calculation Date; and
- (f) the Deposit Set-off Amount,

(such total value amount being the **ACT Liabilities Amount**) provided that if on such Monthly Calculation Date the ACT Assets Amount does not exceed the ACT Liabilities Amount (such determination, the **Asset Coverage Test**) the Asset Coverage Test shall be deemed to have been breached for the purpose of Clause 10.2 below.

10.2 In the event of a breach of the Asset Coverage Test on a Monthly Calculation Date, the Issuer shall use reasonable endeavours to allocate sufficient additional assets to the Cover Pool and register such assets in the Register in an aggregate amount sufficient to ensure that the Asset Coverage Test is met on the next following Monthly Calculation Date.

10.3 In calculating the Cover Pool Value, subject to the provisions of Clause 10.1(d) above, the value of any non-ISK denominated assets comprising the Cover Pool shall be converted into ISK on the basis of the exchange rate published by the Central Bank of Iceland as at such Monthly Calculation Date.

11. **Establishment of Issuer Accounts**

- 11.1 If the Issuer ceases to be an Eligible Institution, the Issuer shall within 90 calendar days (or such longer period as may be agreed by Moody's) following the first Business Day on which it ceases to be an Eligible Institution, establish one or more of the following bank accounts in its name with an Eligible Institution:
- (a) a transaction account denominated in ISK (the **Transaction Account**); and
 - (b) any liquidity reserve account required under the Icelandic Covered Bond Act into which the requirement of the liquidity buffer in cash or cash equivalent will be deposited (the **Liquidity Buffer Account** and together with the Transaction Account the **Issuer Accounts**).
- 11.2 If the Issuer is required to post collateral under Clause 8.1 above and the Issuer ceases to be an Eligible Collateral Reserve Account Bank, the Issuer shall within 90 calendar days (or such longer period as may be agreed by Moody's) following the first Business Day on which it ceases to be an Eligible Collateral Reserve Account Bank, establish cash and securities accounts denominated in the relevant currency in respect of each relevant Series of Covered Bonds (each such account, a **Swap Collateral Account**).
- 11.3 Following the establishment of the Issuer Accounts in accordance with Clause 11.1 above, the Issuer shall:
- (a) transfer all payments received from the Cover Pool (**Cover Pool Revenue**) to the Transaction Account within 3 Business Days of receipt by the Issuer (any such amounts being capable of being withdrawn from such account either to discharge the obligations of the Issuer under the Covered Bonds or otherwise used by the Issuer as it considers appropriate and shall only be so withdrawn if (A) to do so would not breach the Icelandic Covered Bond Act, (B) on the subsequent Monthly Calculation Date the amounts so withdrawn would not, in the Issuer's opinion, be required to enable the Asset Coverage Test to be complied with and (C) the Issuer is not otherwise in breach of its obligations under the Deed of Covenant or the Terms and Conditions of the Covered Bonds then outstanding);
 - (b) provide, or procure the provision of, servicing, administration and cash management services with respect to the Cover Pool Revenue and the operation of the Issuer Accounts;
 - (c) create security over each Issuer Account for the benefit of the Covered Bondholders; and
 - (d) take all necessary steps to register the Issuer Accounts and the amounts standing to the credit of the Issuer Accounts in the Register.
- 11.4 Following the establishment of a Swap Collateral Account in accordance with Clause 11.2 above, the Issuer shall:
- (a) where the Issuer is required to post collateral under Clause 8.1 above and where the Issuer ceases to be an Eligible Collateral Reserve Account Bank as set out in Clause 11.2 above, transfer all amounts standing to the credit of any Collateral Reserve Account to the relevant Swap Collateral Account and thereafter on a weekly basis (to the extent required) credit and/or debit cash or securities to or from the Swap Collateral Account in accordance with Clause 8.3 above and continue to maintain and update (to the extent required) on a weekly basis thereafter, a record of such amounts on the relevant Collateral Reserve Account;
 - (b) provide, or procure the provision of, servicing, administration and cash management services with respect to the Cover Pool Revenue and the operation of the Swap Collateral Account;
 - (c) create security over the Swap Collateral Account for the benefit of the Covered Bondholders; and

- (d) take all necessary steps to register the Swap Collateral Account and the amounts standing to the credit of the Swap Collateral Account in the Register.
- 11.5 In the event that any Eligible Institution appointed pursuant to Clause 11.1 above ceases to be an Eligible Institution, the Issuer will be obliged to transfer the relevant Issuer Account to an Eligible Institution.
- 11.6 In the event that any Eligible Collateral Reserve Account Bank appointed pursuant to Clause 11.2 above ceases to be an Eligible Collateral Reserve Account Bank, the Issuer will be obliged to transfer the Swap Collateral Account to an Eligible Collateral Reserve Account Bank.
- 11.7 The obligations of the Issuer under Clauses 11.1, 11.3 and 11.5 shall not apply:
- (i) if there are no non-ISK Series of Covered Bonds remain outstanding; or
 - (ii) during such time that the Issuer maintains a counterparty risk assessment rating of at least 'Baa3 (cr)' by Moody's at any time when a Series of Covered Bonds rated by Moody's is outstanding; or
 - (iii) if such obligations are not required to maintain the then current rating of the relevant Series of Covered Bonds.
- 11.8 The obligations of the Issuer under Clauses 11.2, 11.4 and 11.6 shall not apply:
- (i) if there are no non-ISK Series of Covered Bonds remain outstanding; or
 - (ii) during such time that the Issuer maintains a long term deposit rating of at least 'A3' by Moody's at any time when a Series of Covered Bonds rated by Moody's is outstanding; or
 - (iii) if such obligations are not required to maintain the then current rating of the relevant Series of Covered Bonds.
12. **Obligations of the Issuer**
- 12.1 Any failure by the Issuer to comply with the obligations under Clauses 8 (*Relevant Reference Currency Swaps*), 10 (*Asset Coverage Test*) and 11 (*Establishment of Issuer Accounts*) will not result in any events of default relating to the Issuer, accordingly payments under the Covered Bonds will not be accelerated in such circumstances and any such failure by the Issuer to comply with these obligations will not entitle Covered Bondholders to accelerate the Covered Bonds.
- 12.2 Any failure by the Issuer to comply with the obligations under Clauses 8 (*Relevant Reference Currency Swaps*), 10 (*Asset Coverage Test*) and 11 (*Establishment of Issuer Accounts*) will result in the Issuer not being able to issue further Covered Bonds whilst such failure is continuing. For the avoidance of doubt, the Issuer will be able to continue issuing Covered Bonds denominated in ISK.
13. The Issuer may amend the provisions of this Deed to accommodate the substitution of a Rating Agency provided that the relevant modifications are required to accommodate equivalent or higher rating criteria of the replacement Rating Agency. In such case, the related ratings requirements specified by and/or relating to such Rating Agency to be substituted shall be amended to refer to the respective ratings requirements of the replacement Rating Agency.
14. The Issuer represents, warrants and undertakes with each Relevant Account Holder that it has all corporate power, and has taken all necessary corporate or other steps, to enable it to execute, deliver and perform this Deed, and that this Deed constitutes a legal, valid and binding obligation of the Issuer

enforceable in accordance with its terms subject to the laws of bankruptcy and other laws affecting the rights of creditors generally.

15. This Deed shall take effect as a Deed Poll for the benefit of the Relevant Account Holders from time to time. This Deed shall be deposited with and held by the common depositary or common safekeeper for Euroclear and Clearstream, Luxembourg until all the obligations of the Issuer under this Deed have been discharged in full.
16. The Issuer acknowledges the right of every Relevant Account Holder to the production of, and the right of every Relevant Account Holder to obtain (upon payment of a reasonable charge) a copy of, this Deed, and further acknowledges and covenants that the obligations binding upon it contained in this Deed are owed to, and shall be for the account of, each and every Relevant Account Holder, and that each Relevant Account Holder shall be entitled severally to enforce those obligations against the Issuer.
17. This Deed and any non-contractual obligations arising out of or in connection with this Deed are governed by, and shall be construed in accordance with, the laws of England.

The Issuer irrevocably agrees, for the exclusive benefit of the Relevant Account Holders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with this Deed (including any non-contractual obligations which may arise out of or in connection with this Deed) and that accordingly any suit, action or proceedings (together referred to as **Proceedings**) arising out of or in connection with this Deed (including any Proceedings relating to non-contractual obligations arising out of or in connection with this Deed) may be brought in such courts.

The Issuer irrevocably waives any objection which it may have to the laying of the venue of any Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and further irrevocably agrees that a judgment in any Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction. Nothing contained in this Clause 16 shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

The Issuer appoints Law Debenture Corporate Services Limited at its registered office at 8th Floor 100 Bishopsgate, London EC2N 4AG as its agent for service of process, and undertakes that, in the event of Law Debenture Corporate Services Limited ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing in this Clause 16 shall affect the right to serve process in any other manner permitted by law.

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

IN WITNESS whereof the Issuer has caused this Deed to be duly executed the day and year first above-mentioned.

EXECUTED as a DEED)
by **ARION BANK HF.**)
acting by)
acting on the authority)
of that company)
in the presence of:)



Witness:

Name:

Address:

