

15 February 2006

**Kaupthing Bank hf.**  
**Issue of EUR15,000,000 Notes due 2018**  
**linked to the DBFRB Basket Quanto Index No.1 Index**  
**under the EUR12,000,000,000**  
**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 2nd September, 2005 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus is available for viewing at the office of the Issuer at Borgartun 19, 105 Reykjavik, Iceland and copies may be obtained from the Principal Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB.

- |     |                                   |   |
|-----|-----------------------------------|---|
| 1.  | Issuer:                           | Kaupthing Bank hf.  |
| 2.  | Series Number:                    | 35  |
| 3.  | Specified Currency or Currencies: | Euro ("EUR")  |
| 4.  | Aggregate Nominal Amount:         |   |
|     | Series:                           | EUR15,000,000   |
| 5.  | Issue Price:                      | 100 per cent. of the Aggregate Nominal Amount                   |
| 6.  | Specified Denominations:          | EUR100,000  |
| 7.  | Issue Date:                       | 15 February 2006  |
| 8.  | Maturity Date:                    | Interest Payment Date falling in or nearest to<br>February 2018 |
| 9.  | Interest Basis:                   | Index-Linked Interest<br>(further particulars specified below)  |
| 10. | Redemption/Payment Basis:         | Index Linked Redemption   |

- |     |   |                                      |
|-----|---|--------------------------------------|
| 11. | Change of Interest Basis or Redemption/<br>Payment Basis: | Not Applicable<br><br>Not Applicable |
| 12. | Put/Call Options:   | Not Applicable                       |
| 13. | Status of the Notes:                                      | Senior                               |
| 14. | Method of distribution:                                   | Non-syndicated                       |

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

- |     |  |   |
|-----|--|---|
| 15. | <b>Fixed Rate Note Provisions</b>  | Not Applicable<br><br><i>Investors should note that, in respect of the First Interest Period and the Second Interest Period only, the Interest Amount per Note of EUR 100,000 Specified Denomination is an amount in EUR equal to the product of (i) EUR 100,000 (ii) 6.25 per cent. and (iii) the Day Count Fraction for the relevant Interest Period, as set out in further detail in Schedule 1 hereto</i> |
| 16. | <b>Floating Rate Note Provisions</b>   | Not Applicable  |
| 17. | <b>Zero Coupon Note Provisions</b>   | Not Applicable  |
| 18. | <b>Index Linked Interest Note Provisions</b>   | Applicable  |
|     | (i) Index/Formula:   | The Notes relate to the DBFRB Basket Quanto Index No.1 Index as described in Schedule 2 hereto. The relevant sponsor is Deutsche Bank AG, London Branch   |
|     | (ii) Calculation Agent responsible for calculating the interest due:   | Deutsche Bank AG, London Branch   |
|     | (iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: | Not Applicable  |
|     | (iv) Specified Period(s)/Specified Interest Payment Dates:   | See Schedule 1 hereto   |
|     | (v) Business Day Convention:   | Not Applicable  |
|     | (vi) Additional Business Centre(s):  | Not Applicable  |
|     | (vii) Minimum Rate of Interest:  | Not Applicable  |

(viii) Maximum Rate of Interest: Not Applicable

(ix) Day Count Fraction: 30/360

*(For the avoidance of doubt the First Interest Period and the Second Interest Period are of fixed length and do not adjust)*

19. Dual Currency Interest Note Provisions Not Applicable

20. Target Redemption Note Provisions: Not Applicable

21. Range Accrual Note Provisions: Not Applicable

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

22. Issuer Call Not Applicable

23. Investor Put Not Applicable

24. Target Redemption Note Provisions: Not Applicable

25. Final Redemption Amount of each Note: The Final Redemption Amount per Note of EUR100,000 Specified Denomination is an amount in EUR calculated by the Calculation Agent equal to the sum of (a) EUR100,000 and (b) the Option Return Amount (as defined in Schedule 1 hereto).

The amount at (b), if applicable, is payable by the Issuer (x) as consideration for the use of the Issue Price and (y) as compensation in recognition of the assumption of the risk that the Final Redemption Amount may be no greater than the Issue Price.

*(For the avoidance of doubt the Final Redemption Amount per Note of EUR 100,000 Specified Denomination shall not be less than EUR 100,000)*

The Notes relate to the DBFRB Basket Quanto Index No.1 Index as described in Schedule 2 hereto. The relevant sponsor is Deutsche Bank AG, London Branch.

The Calculation Agent responsible for calculating the Final Redemption Amount is Deutsche Bank AG, London Branch.

26. Early Redemption Amount(s) of each Note payable on redemption for taxation reasons or on event of default or following an Index Adjustment Event in accordance with paragraph 2(b)(iii) of Schedule 1 hereto and/or the method of The Early Redemption Amount per Note of EUR 100,000 Specified Denomination, is an amount in EUR calculated by the Calculation Agent equal to the fair market value of such Note, such fair market value to have the effect of preserving for the Noteholder the economic equivalent of any payment

calculating the same (if required or if different from that set out in Condition 7(f)):

obligations of the Issuer, on (a) in the case of redemption for taxation reasons or following an Index Adjustment Event, the tenth Business Day after the date on which notice of redemption is given to the Noteholders or (b) in the case of redemption following an event of default, the due date for redemption of the Notes, taking into account (x) (other than where the due date for redemption coincides with an Interest Payment Date) accrued but unpaid interest as determined by the Calculation Agent at such rate as the Calculation Agent determines appropriate and (y) if applicable, the Index Adjustment Event, all as determined by the Calculation Agent in its sole and absolute discretion by reference to such factor(s) as it may deem appropriate. For the purposes of determining the fair market value of the Notes no account shall be taken of the financial position of the Issuer which shall be presumed to be able to perform fully its obligations in respect of the Notes.

27. Capital Notes Provisions Not Applicable

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

28. Form of Notes: Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event
29. Additional Financial Centre(s) or other special provisions relating to Payment Dates: Not Applicable
30. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): No
31. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and, consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: Not Applicable
32. Details relating to Instalment Notes: Not Applicable
33. Redenomination applicable: Redenomination not applicable

See Schedule 1 hereto

34. Other final terms:

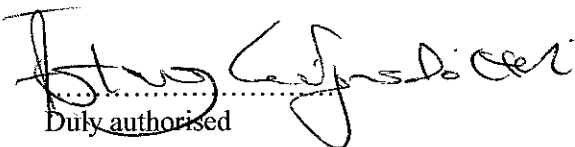
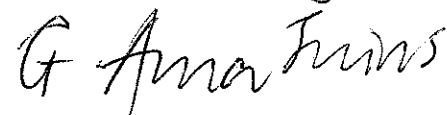
**DISTRIBUTION**

- 35. (i) If syndicated, names and addresses of Managers and underwriting commitments: Not Applicable
- (ii) Date of Subscription Agreement: Not Applicable
- (iii) Stabilising Manager (if any): Not Applicable
- 36. If non-syndicated, name and address of relevant Dealer: Deutsche Bank AG, London Branch  
Winchester House, 1 Great Winchester Street  
London EC2N 2DB
- 37. Total commission and concession: Not Applicable
- 38. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: TEFRA D
- 39. Additional selling restrictions: Not Applicable

**RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms. The Description of the Index is set out in Schedule 2 hereto and has been supplied by the Index Sponsor. 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 the Index Sponsor, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of the Issuer:

By:   
Duly authorised  




## PART B – OTHER INFORMATION

### 1. LISTING

- (i) Listing: None
- (ii) Admission to trading: Not Applicable.

### 2. RATINGS

- Ratings: The notes to be issued have been rated:
- |         |    |
|---------|----|
| Moody's | A1 |
| Fitch   | A  |

### 3. OPERATIONAL INFORMATION

- (i) ISIN Code: XS0243006334
- (ii) Common Code: 024300633
- (iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): Not Applicable
- (iv) Delivery: Delivery against payment
- (v) Names and addresses of additional Paying Agent(s) (if any): Not Applicable

## SCHEDULE 1

### 1. DEFINITIONS

For the purposes of the Notes:

**"Coupon Barrier"** means:

- (a) in respect of each Determination Date falling in the period from (and including) the Determination Date falling in or nearest to February 2009 to (and including) the Determination Date falling in or nearest to February 2012, the product of (i) 100 per cent. and (ii) the Initial Index Level; and
- (b) in respect of each Determination Date falling in the period from the Determination Date falling in or nearest to February 2013 to (and including) the Determination Date falling in or nearest to February 2018, the product of (a) 102.00 per cent. and (b) the Initial Index Level.

**"Determination Date"** means each of:

5th February, 2009, 5th February, 2010, 7th February, 2011, 7th February, 2012, 7th February, 2013, 6th February, 2014, 6th February, 2015, 5th February, 2016, 7th February, 2017 and 7th February, 2018 (such latter date the **"Final Determination Date"** and each such date a **"Scheduled Determination Date"**) or, if any such day is not an Index Business Day the relevant Determination Date shall be postponed until the immediately succeeding Index Business Day, Provided That if the relevant Determination Date has not occurred on or prior to the fifth Business Day immediately succeeding the relevant Scheduled Determination Date, the Calculation Agent shall determine the Index Level for the relevant Determination Date as its good faith estimate of the closing level of the Index on such fifth Business Day.

**"Final Index Level"** means, subject as provided in "Determination Date" above, the Index Level on the Final Determination Date.

**"Index"** means the DBFRB Basket Quanto Index No. 1 Index as described in the Index Description and subject as provided in paragraph 2 below.

**"Index Adjustment Event"** is as defined in paragraph 2 below.

**"Index Business Day"** shall have the meaning given in the Index Description.

**"Index Cancellation"** is as defined in paragraph 2 below.

**"Index Description"** means the Description of the Index (as amended from time to time) as amended by the relevant Index Supplement, each as set out in Schedule 2 hereto.

**"Index Level"** means, in respect of a Determination Date, the Index Closing Level as defined in the Index Description on such date, subject as provided in "Determination Date" above.

**"Index Modification"** is as defined in paragraph 2 below.

**"Index Sponsor"** is as defined in the Index Description.

**"Initial Index Level"** means 118.25.

**"Interest Amount"** means per Note of EUR 100,000 Specified Denomination:



- (a) in respect of the **First Interest Period** and the **Second Interest Period** only an amount in EUR calculated by the Calculation Agent equal to the product of (i) EUR 100,000 (ii) 6.25 per cent. and (iii) the Day Count Fraction for the relevant Interest Period; and
- (b) in respect of each Interest Period other than the First Interest Period and the Second Interest Period:
  - (i) if the Index Level in respect of the Relevant Determination Date for such Interest Period is equal to or greater than the Coupon Barrier applicable to such Relevant Determination Date, an amount in EUR calculated by the Calculation Agent equal to the product of (x) EUR 100,000 (y) 6.00 per cent. and (z) the Day Count Fraction for such Interest Period; or
  - (ii) if the Index Level in respect of the Relevant Determination Date for such Interest Period is less than the Coupon Barrier applicable to such Relevant Determination Date, an amount in EUR calculated by the Calculation Agent equal to the product of (x) EUR 100,000 (y) 0.10 per cent. and (z) the Day Count Fraction for such Interest Period.

**"Interest Payment Date"** means:

- (a) 15 February, 2007 (the **"First Interest Payment Date"**);
- (b) 15 February, 2008 (the **"Second Interest Payment Date"**);
- (c) each day falling seven Business Days after each Determination Date other than the Final Determination Date (subject to adjustment as provided in "Determination Date" above, and each such date prior to any adjustment as provided in "Determination Date", together with the Scheduled Final Interest Payment Date, each a **"Scheduled Interest Payment Date"**); and
- (d) 15 February, 2018 (the **"Scheduled Final Interest Payment Date"**) or, if later, the second Business Day following the Final Determination Date.

**"Interest Period"** means:

- (a) the period from (and including) the Issue Date to (but excluding) the First Interest Payment Date (the **"First Interest Period"**);
- (b) the period from (and including) the First Interest Payment Date to (but excluding) the Second Interest Payment Date (the **"Second Interest Period"**);
- (c) the period from (and including) the Second Interest Payment Date to (but excluding) the first Scheduled Interest Payment Date; and
- (d) thereafter, the period from (and including) one Scheduled Interest Payment Date to, but excluding, the immediately following Scheduled Interest Payment Date.

**"Relevant Determination Date"** means the Determination Date immediately preceding or falling nearest to the last day of Interest Period.

**"Option Return"** means an amount expressed as a percentage calculated by the Calculation Agent in its sole and absolute discretion equal to (a) the quotient of (i) the Final Index Level (as numerator) and (ii) the Initial Index Level (as denominator) minus (b) 102.00 per cent.

**"Option Return Amount"** means an amount in EUR calculated by the Calculation Agent in its sole and absolute discretion equal to the product of (a) EUR 100,000 and (b) the product of (i) the greater of (A) the Option Return and (B) zero and (ii) 6.

**"Successor Index"** is as defined in paragraph 2 below.

## 2. ADJUSTMENTS TO THE INDEX

### (a) Successor Index Sponsor Calculates and Reports the Index

If the Index is (A) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Calculation Agent, or (B) replaced by a successor index using, in the determination of the Calculation Agent, the same or a substantially similar formula for and method of calculation as used in the calculation of the Index, then in each case the index (the **"Successor Index"**) will be deemed to be the Index.

### (b) Modification and Cessation of Calculation of the Index

If on or prior to the Final Determination Date the Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating the Index or in any other way materially modifies the Index (other than a modification prescribed in that formula or method to maintain the Index in the event of changes in constituent stock and capitalisation, contracts or commodities and other routine events) (an **"Index Modification"**) or permanently cancels the Index and no Successor Index exists (an **"Index Cancellation"** and, together with an Index Modification, each an **"Index Adjustment Event"**), then:

- (i) the Calculation Agent shall determine if such Index Adjustment Event has a material effect on the Notes and, if so may calculate the Index Level for any relevant day using, in lieu of a published level for the Index, the level for the Index for such day as determined by the Calculation Agent in accordance with the formula for and method of calculating the Index last in effect prior to the Index Adjustment Event; or
- (ii) the Calculation Agent may make such determinations and/or adjustments to the Conditions and/or the applicable Final Terms as it determines appropriate to account for the Index Adjustment Event, which may include, without limitation, delaying any determination until the next Index Business Day on which it determines that no Index Adjustment Event exists; or
- (iii) on giving notice to the Noteholders in accordance with Condition 14, the Issuer may redeem all, but not some only, of the Notes, each Note per EUR 100,000 Specified Denomination being redeemed at the Early Redemption Amount together with interest accrued to the date fixed for redemption.

### (c) Notice

Upon the occurrence of an Index Adjustment Event, the Calculation Agent shall give notice as soon as practicable to Noteholders in accordance with Condition 14 giving details of the action proposed to be taken in relation thereto.

- (d) For the avoidance of doubt, all the provisions set out in Schedule 2 to these Final Terms are an integral part of how the Index is constituted and no adjustment to the Index or any calculation in relation thereto pursuant to any such provisions (including, but not limited to, any operation of the provisions set out in paragraph 7 (Change in the Methodology of an Index)) will constitute an Index Modification.

### 3. AMENDMENTS TO THE CONDITIONS

- (a) The second paragraph of Condition 5(b)(i) shall be deleted and the following substituted therefor:

"Such interest will be payable in respect of each Interest Period (as defined in Schedule 1 to the applicable Final Terms)."

- (b) Condition 5(b)(ii) shall not apply to the Notes.

- (c) The first two paragraphs of Condition 5(b)(iv) shall be deleted and the following substituted therefor:

"(iv) *Determination of Rate of Interest and calculation of Interest Amounts*

The Calculation Agent will calculate the amount of interest (the "Interest Amount") payable on the Notes in respect of each Specified Denomination for the relevant Interest Period. The Interest Amount will be calculated by the Calculation Agent in accordance with the definition of "Interest Amount" in Schedule 1 to the applicable Final Terms."

- (d) Condition 5(b)(v) shall be amended by the deletion of the words "Rate of Interest and each" in the first line thereof.

**SCHEDULE 2**  
**Deutsche Bank FRB Basket Indices**  
**DBFRB Basket Quanto Index No. 1 Index**

This document constitutes the Index Supplement relating to the Index described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Description of the Deutsche Bank FRB and Deutsche Bank FRB Basket Indices – DBFRB/ DBFRB Basket (the "**Description**"). This Index Supplement is supplemental to and must be read in conjunction with the Description.

1. Index Title: "DBFRB Basket Quanto Index No. 1 Index" (the "**Index**") is a Deutsche Bank AG, London Branch proprietary index. Any use of such index or its name must be with the consent of Deutsche Bank AG, London Branch.
  
2. Place of publication of the Index: Deutsche Bank Securities Inc., 60 Wall Street, New York, USA.  
  
The Index is published daily on Bloomberg Services under the title "DBFRUQ".
  
3. Frequency of Calculation of Index Closing Level: The Index Closing Level shall be calculated on each Index Business Day.
  
4. Number of Yield Curves relevant to the Index: Two. A US Dollar Instrument comprised yield curve (the "**US Dollar Yield Curve**") and a Euro Instrument comprised yield curve (the "**Euro Yield Curve**").
  
5. Financial instruments used to generate the US Dollar Yield Curve (the "**US Dollar Instruments**") and each a "**US Dollar Instrument**"):
  - (i) US Dollar cash deposits of 1 month, 2 month, 3 month, 4 month, 5 month, 6 month, 9 month and 12 month durations as selected by the Index Sponsor in its sole and absolute discretion;
  - (ii) US Dollar fixed for floating interest rate swaps of 2, 3, 4, 5, 6, 7, 8, 9, 10, 12 and 15 year durations as selected by the Index Sponsor in its sole and absolute discretion; and
  - (iii) the first to fifth generic Eurodollar contract (as traded on the Chicago Mercantile Exchange).
  
6. Financial instruments used to generate the Euro Yield Curve (the "**Euro Instruments**") and each a "**Euro Instrument**" and together with the US Dollar Instruments, the "**Instruments and each an Instrument**"):
  - (i) Euro cash deposits of 1 month, 2 month, 3 month, 4 month, 5 month, 6 month, 9 month and 12 month durations as selected by the Index Sponsor in its sole and absolute discretion;
  - (ii) Euro fixed for floating interest rate swaps of 2, 3, 4, 5, 6, 7, 8, 9, 10, 12 and 15 year durations as selected by the Index Sponsor in its sole and absolute discretion; and

- (iii) the first to fifth generic Euribor contract (as traded on LIFFE).
7. Sources for the price information for the Instruments (the "Price Sources" and each a "Price Source"):
- (i) In respect of Euro and US Dollar cash deposits, the daily rates for such deposits shall be determined by Deutsche Bank AG, London Branch in its sole and absolute discretion;
- (ii) in respect of Euro and US Dollar fixed for floating interest rate swaps, the daily rates for such swaps shall be determined by Deutsche Bank AG, London Branch in its sole and absolute discretion;
- (iii) in respect of the first to fifth generic Eurodollar contract, Reuters page "0#ED" (or such page or service as may replace such page or service for the purposes of displaying the relevant rate); and
- (iv) in respect of the first to fifth generic Euribor contract, Reuters page "0#FEI" (or such page or service as may replace such page or service for the purposes of displaying the relevant rate).
8. Values to be derived from the Yield Curves:
- (i) The Euro forward rate from  $d_1$  to  $d_2$  on the Relevant Index Business Day; and
- (ii) The USD forward rate from  $d_1$  to  $d_2$  on the Relevant Index Business Day.
9. Index Base Date: 16th March, 1990
10. Index Valuation Time: 10:30am New York City time.
11. Relevant Financial Centre(s) for the purposes of the definition of Index Business Days: London, New York City and TARGET.
12. Roll Day: The Friday immediately preceding the third Wednesday in each March, June, September and December. If such day is not an Index Business Day, the Roll Day shall be the immediately succeeding Index Business Day. The initial Roll Day shall be 15th June, 1990.
13. Index Closing Level on the Index Base Date: 100
14. Amount to which Index Closing Level will be rounded: 0.0001 upwards

15. Index Currency:

Not Applicable.

16.  $R_{(t)}$ :

$$0.5 \times ((Y_{EUR (r,f)} - (Y_{EUR (t,f)})) + 0.5 \times ((Y_{USD (r,f)} - (Y_{USD (t,f)}))$$

where:

" $Y_{EUR (r,f)}$ " means the Euro forward rate calculated on an Actual/ 360 basis from  $d_1$  to  $d_2$  on the Roll Day immediately preceding the Relevant Index Business Day or, if none, the Index Base Date, as determined by the Index Sponsor in its sole and absolute discretion by reference to the Euro Yield Curve;

" $Y_{EUR (t,f)}$ " means the Euro forward rate calculated on an Actual/ 360 basis from  $d_1$  to  $d_2$  on the Relevant Index Business Day as determined by the Index Sponsor in its sole and absolute discretion by reference to the Euro Yield Curve;

" $Y_{USD (r,f)}$ " means the USD forward rate calculated on an Actual/ 360 basis from  $d_1$  to  $d_2$  on the Roll Day immediately preceding the Relevant Index Business Day or, if none, the Index Base Date, as determined by the Index Sponsor in its sole and absolute discretion by reference to the US Dollar Yield Curve;

" $Y_{USD (t,f)}$ " means the USD forward rate calculated on an Actual/ 360 basis from  $d_1$  to  $d_2$  on the Relevant Index Business Day as determined by the Index Sponsor in its sole and absolute discretion by reference to the US Dollar Yield Curve;

" $d_1$ " means the first anniversary of (x) the Roll Day immediately preceding the Relevant Index Business Day or, if none, (y) the Index Base Date;

" $d_2$ " means the Roll Day immediately following  $d_1$ ; and

"Actual/ 360" means the actual number of days in the period from (and including)  $d_1$  to (but excluding)  $d_2$  (in each case, for the relevant Index Business Day) divided by 360.

## DESCRIPTION OF THE DEUTSCHE BANK FRB AND DEUTSCHE BANK FRB BASKET INDICES – DBFRB/DBFRB BASKET

ALTHOUGH THE INDEX SPONSOR WILL OBTAIN INFORMATION FOR INCLUSION IN OR FOR USE IN THE CALCULATION OF THE INDICES FROM SOURCES WHICH THE INDEX SPONSOR CONSIDERS RELIABLE, THE INDEX SPONSOR WILL NOT INDEPENDENTLY VERIFY SUCH INFORMATION AND DOES NOT GUARANTEE THE ACCURACY AND/OR THE COMPLETENESS OF ANY INDEX OR ANY DATA INCLUDED THEREIN. THE INDEX SPONSOR SHALL NOT BE LIABLE (WHETHER IN NEGLIGENCE OR OTHERWISE) TO ANY PERSON FOR ANY ERROR IN ANY INDEX AND THE INDEX SPONSOR IS UNDER NO OBLIGATION TO ADVISE ANY PERSON OF ANY ERROR THEREIN.

NO TRANSACTION RELATING TO ANY INDEX IS SPONSORED, ENDORSED, SOLD OR PROMOTED BY THE INDEX SPONSOR AND THE INDEX SPONSOR MAKES NO EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES AS TO (A) THE ADVISABILITY OF PURCHASING OR ASSUMING ANY RISK IN CONNECTION WITH ANY SUCH TRANSACTION (B) THE LEVELS AT WHICH AN INDEX STANDS AT ANY PARTICULAR TIME ON ANY PARTICULAR DATE (C) THE RESULTS TO BE OBTAINED BY THE ISSUER OF ANY SECURITY OR ANY COUNTERPARTY OR ANY SUCH ISSUER'S SECURITYHOLDERS OR CUSTOMERS OR ANY SUCH COUNTERPARTY'S COUNTERPARTIES OR CUSTOMERS OR ANY OTHER PERSON OR ENTITY FROM THE USE OF AN INDEX OR ANY DATA INCLUDED THEREIN IN CONNECTION WITH ANY LICENSED RIGHTS OR FOR ANY OTHER USE OR (D) ANY OTHER MATTER. THE INDEX SPONSOR MAKES NO EXPRESS OR IMPLIED REPRESENTATIONS OR WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO ANY INDEX OR ANY DATA INCLUDED THEREIN.

WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL THE INDEX SPONSOR HAVE ANY LIABILITY (WHETHER IN NEGLIGENCE OR OTHERWISE) TO ANY PERSON FOR ANY DIRECT, INDIRECT, SPECIAL, PUNITIVE, CONSEQUENTIAL OR ANY OTHER DAMAGES (INCLUDING LOST PROFITS) EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES.

*"Deutsche Bank FRB Indices – DBFRB" and "Deutsche Bank FRB Basket Indices – DBFRB Basket" are Deutsche Bank AG, London Branch proprietary indices. Any use of any such indices or their name must be with the consent of Deutsche Bank AG, London Branch.*

This Description of the Index has been supplied by the Index Sponsor.

### 1. GENERAL

The Deutsche Bank FRB Indices – DBFRB and Deutsche Bank FRB Basket Indices – DBFRB Basket (the "**Indices**" and each an "**Index**") are intended to reflect the economic performance over time of one or more financial instruments. The values reflected in the daily closing level for each Index are derived by bootstrapping from a yield curve (or yield curves). The relevant yield curve(s) will be generated by the Index Sponsor in its sole and absolute discretion by inputting price information in respect of various financial instruments (which may include exchange traded interest rate futures contracts, interest rate swap transactions and term deposits) into a market standard methodology (each a "**Yield Curve**"). Each of the Indices uses values derived from the relevant Yield Curve (or Yield Curves) and the same methodology (described in paragraph 2 (Calculation of the Index Closing Level) below) with which to calculate the closing level for that Index. A description of, *inter alia*, the financial instruments used to generate the relevant Yield Curve(s) to which any Index relates, the sources for the price information for such financial instruments and the values derived from such Yield Curve(s) will be specified in a supplement which in relation to the relevant Index

shall complete this Description (each such supplement an "**Index Supplement**"). Each Index Supplement will be supplemental to, and must be read in conjunction with, this Description. In the event of any conflict between the terms of an Index Supplement and this Description, the Index Supplement shall prevail in respect of the relevant Index.

The sponsor of the Indices is Deutsche Bank AG, London Branch (the "**Index Sponsor**", which expression shall include any successor in such capacity). Each Index will be established on an index base date as set out in the relevant Index Supplement (each an "**Index Base Date**").

The Index Closing Level (as defined in paragraph 2 (Calculation of the Index Closing Level) below) for each Index will be calculated by the Index Sponsor on each Index Business Day following the relevant Index Base Date and made available as soon as reasonably practicable after the Index Valuation Time on each Index Business Day in accordance with paragraph 8 (Availability of Index Closing Levels and Adjustments) below. The Index Closing Level for an Index may be quoted in, and an Index may be denominated in, a currency specified as the Index Currency in the relevant Index Supplement (the "**Index Currency**").

Unless otherwise defined, terms used in this Description will have the meanings given to them in paragraph 5 (Definitions) below.

## 2. **CALCULATION OF THE INDEX CLOSING LEVEL**

Following the Index Base Date, the closing level of an Index (the "**Index Closing Level**") in respect of each Index Business Day (including a Roll Day) (the "**Relevant Index Business Day**") will be calculated according to the following formula:

$$ICL(r) \times (1 + R(t))$$

Where:

- (A) "**ICL(r)**" means the Index Closing Level on the Roll Day immediately preceding the Relevant Index Business Day, or if none, the Index Closing Level on the Index Base Date; and
- (B) "**R(t)**" is as set out in the applicable Index Supplement,

subject as provided in paragraph 7 (Change in the Methodology of an Index).

The relevant Index Supplement shall, inter alia, set out: (i) the number of decimal places to which the Index Closing Level for an Index shall be rounded; (ii) a statement as to whether that amount shall be rounded upwards or downwards; and (iii) the Index Closing Level on the relevant Index Base Date.

## 3. **ROLLING OF INDICES VALUES**

An Index may be periodically adjusted by resetting ICL(r) for that Index. If applicable to the relevant Index, each Index Business Day on which ICL(r) with respect to that Index will be reset (each a "**Roll Day**") will be specified in the applicable Index Supplement.

## 4. **DISRUPTION EVENTS**

"**Disruption Event**", in respect of an Index and a day, means an event (other than a Force Majeure Event and including a national holiday or a day of national mourning) that would require the Index Sponsor to calculate the relevant Yield Curve(s) for such Index on an



alternative basis were such event to occur or exist on such day, all as determined by the Index Sponsor.

Without limitation, each of the following may be a Disruption Event if so determined by the Index Sponsor:

- (i) "**Price Source Disruption**": a Price Source is temporarily or permanently discontinued, unavailable or not announced or published thereby preventing or restricting the information necessary for determining the relevant Yield Curve(s).
- (ii) "**Trading Suspension**": the material suspension of trading in any Instrument.
- (iii) "**Disappearance of Instrument**": the failure of trading to commence, or the permanent discontinuation of trading in any Instrument.
- (iv) "**Material Change in Formula**": the occurrence since the relevant Index Base Date of a material change in the formula for or the method of calculating an Instrument.
- (v) "**De Minimis Trading**": the number of Instruments traded on a relevant exchange on any relevant date is materially reduced or liquidity in any Instrument is otherwise reduced for any reason.
- (vi) "**Tax Disruption**": the imposition of or change in or removal of any tax (including, without limitation, any excise, severance, sales, use, value-added, transfer, stamp, documentary, recording or similar tax) on, or in relation to any Instrument, by any government or taxation authority after the relevant Index Base Date, if the effect of such imposition, change or removal is to raise or lower the price at which such Instrument trades on the relevant exchange on any relevant date from what it would have been without that imposition or change or removal.
- (vii) "**Change of Law or Rules**": there is a change in, or amendment to, the laws, rules or regulations relating to any Instrument or a change in any application or interpretation of such laws, rules or regulations.
- (viii) "**Yield Curve Disruption**": the Index Sponsor is temporarily or permanently unable to calculate the relevant Yield Curve(s) (including any software or hardware through which or on which it is made available) or the relevant Yield Curve(s) is (are) temporarily or permanently unavailable for any reason.
- (ix) "**Hedging Disruption**": The Index Sponsor determines that it and/or any of its Affiliates would be unable, after using commercially reasonable efforts, to: (A) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge its position in relation to any securities issue or other relevant transactions relating to or calculated by reference to the Index; or (B) realise, recover or remit the proceeds of any such transaction(s) or asset(s).

## 5. DEFINITIONS

"**Affiliate**" means in relation to any entity (the "**First Entity**"), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes, "**control**" means ownership of a majority of the voting power of an entity.

**"Disruption Event"** is as defined in paragraph 4 (Force Majeure and Disruption Events).

**"Force Majeure Event"** means, in respect of an Index, an event or circumstance (including, without limitation, a systems failure, fire, building evacuation, natural or man-made disaster, act of God, armed conflict, act of terrorism, riot or labour disruption or any similar intervening circumstance) that affects the ability of the Index Sponsor to calculate or determine such Index and which is beyond the reasonable control of the Index Sponsor.

**"Index"** is as defined in paragraph 1 (General).

**"Index Base Date"** is as defined in paragraph 1 (General).

**"Index Business Day"** means, in respect of an Index, a day (other than a Saturday or Sunday):

- (a) on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign currency deposits) in the Relevant Financial Centre(s) specified in the applicable Index Supplement;
- (b) on which TARGET (the Trans-European Automated Real-time Gross settlement Express Transfer system) is open if TARGET is specified as a Relevant Financial Centre in the applicable Index Supplement;
- (c) on which no Disruption Event in respect of such Index is subsisting; and
- (d) on which no Force Majeure Event in respect of such Index is subsisting.

**"Index Closing Level"** is as defined in paragraph 2 (Calculation of the Index Closing Level).

**"Index Currency"** is as defined in paragraph 1 (General).

**"Index Sponsor"** is as defined in paragraph 1 (General).

**"Index Supplement"** is as defined in paragraph 1 (General).

**"Index Valuation Time"** has the meaning given to it in the relevant Index Supplement.

**"Indices"** is as defined in paragraph 1 (General).

**"Instrument"** has the meaning given to it in the relevant Index Supplement.

**"Price Source"** has the meaning given to it in the relevant Index Supplement.

**"Relevant Financial Centre"** has the meaning given to it in the relevant Index Supplement.

**"Relevant Index Business Day"** is as defined in paragraph 2 (Calculation of the Index Closing Level).

**"Roll Day"** is as defined in paragraph 3 (Rolling of Indices Values).

**"Yield Curve"** is as defined in paragraph 1 (General).

## 6. INDEX SPONSOR

Unless otherwise provided all determinations made by the Index Sponsor will be made by it in good faith and in a commercially reasonable manner by reference to such factors as the Index

Sponsor deems appropriate and will be final, conclusive and binding in the absence of manifest error.

**7. CHANGE IN THE METHODOLOGY OF AN INDEX**

In relation to each Index, the Index Sponsor will, subject as provided below, employ the methodology described above and its application of such methodology shall be conclusive and binding. While the Index Sponsor currently employs the above described methodology to calculate each Index, no assurance can be given that fiscal, market, regulatory, juridical, financial or other circumstances (including, but not limited to, any changes to or any suspension or termination of or any other events affecting transactions on the same or similar terms to any financial instrument for which values will be derived from the relevant Yield Curve(s)) will not arise that would, in the view of the Index Sponsor, necessitate or make desirable a modification of or change to such methodology and the Index Sponsor shall be entitled to make any such modification or change. The Index Sponsor may also make modifications to the terms of any Index in any manner that it may deem necessary or desirable, including (without limitation) to correct any manifest or proven error or to cure, correct or supplement any defective provision contained in this Description or any Index Supplement. The Index Sponsor will make available any such modification or change and the effective date thereof in accordance with paragraph 8 (Availability of Index Closing Levels and Adjustments) below.

**8. AVAILABILITY OF INDEX CLOSING LEVELS AND ADJUSTMENTS**

The Index Sponsor will make available (a) the Index Closing Level for each Index for each Index Business Day as soon as reasonably practicable after the relevant Index Valuation Time and (b) details of any adjustments made to any Index, in each case on application to Global Markets Client Valuation Group (telephone number +44 20 7545 8000) at the Index Sponsor's principal office in London for the time being at Winchester House, 1 Great Winchester Street, London EC2N 2DB.