

LÄNSFÖRSÄKRINGAR HYPOTEK AB (publ)

(incorporated with limited liability in Sweden)

EUR 6,000,000,000

Euro Medium Term Covered Note Programme

Under this €6,000,000,000 Euro Medium Term Covered Note Programme (the **Programme**), Länsförsäkringar Hypotek AB (publ) (with the secondary corporate name LF Covered Bond Corporation) (the **Issuer**) may from time to time issue covered notes issued in accordance with the Covered Bond Act (as defined below) (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The Notes may be issued in bearer form or uncertificated book entry form (the **VPS Notes**) registered in accordance with section 3-1 of the Norwegian Securities Depository Act of 15 March 2019 no. 6 in a securities depository approved or acknowledged under the EU central securities depositories (CSD) regulation (Regulation (EU) No 909/2014 of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012) which unless otherwise specified in the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes) will be *Verdipapirsentralen ASA (VPS)*.

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €6,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described 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 "General Description 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 such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of some of these risks see "Risk Factors".

This Base Prospectus has been approved as a base prospectus by the *Commission de Surveillance du Secteur Financier (the CSSF)*, as competent authority under Regulation (EU) 2017/1129 (the **Prospectus Regulation**). The CSSF only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the CSSF should not be considered as an endorsement of the Issuer or of the quality of the Notes. Investors should make their own assessment as to the suitability of investing in the Notes.

The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuer in accordance with Article 6(4) of the Luxembourg Act dated 16 July 2019 on prospectuses for securities. Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. References in this Base Prospectus to Notes being **listed** (and all related references) shall mean that such Notes have been admitted to trading on the Luxembourg Stock Exchange's regulated market and have been admitted to the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2014/65/EU (as amended, **MIFID II**).

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 European Economic Area (the **EEA**) and will expire on 24 June 2021. For these purposes, references to the EEA include the United Kingdom. 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 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 the EEA other than in circumstances where an exemption is available under Article 1(4) and/or 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 CSSF has neither approved nor reviewed information contained in this Base Prospectus in connection with Exempt Notes.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "Terms and Conditions of the Notes other than VPS Notes" and "Terms and Conditions of the VPS Notes") of Notes will (other than in the case of Exempt Notes) be set out in a final terms document (the **Final Terms**) which will be filed with the CSSF. Copies of Final Terms in relation to Notes to be listed on the Luxembourg Stock Exchange will also be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). In the case of Exempt Notes, notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche will be set out in a pricing supplement document (the **Pricing Supplement**).

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.

Each Tranche of Notes may be rated or unrated. Where a Tranche of Notes is rated, the Notes are expected to be assigned a rating of Aaa by Moody's Investors Service España, S.A. (**Moody's**) and/or a rating of AAA by S&P Global Ratings Europe Limited (**S&P**). The rating (if any) assigned to the Notes will be specified in the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating organisation. Moody's and S&P are established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such, each of Moody's and S&P is included in the list of credit rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with such Regulation.

Arranger and Dealer
UBS Investment Bank

Important Information

This Base Prospectus comprises a base prospectus in respect of all Notes other than Exempt Notes issued under the Programme for the purposes of Article 8 of the Prospectus Regulation. Prospectus Regulation means Regulation (EU) 2017/1129.

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms or, in the case of Exempt Notes, the Pricing Supplement for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

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

Other than in relation to the documents which are 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 and has not been scrutinised or approved by the CSSF.

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 (a) is intended to provide the basis of any credit or other evaluation or (b) 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.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the Securities Act) and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see “Subscription and Sale”).

Important Information relating to the use of this Base Prospectus and Offers of Notes generally

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 (including for these purposes, the United Kingdom and Norway, Sweden and Belgium), Singapore and Japan; see “Subscription and Sale”.

This Base Prospectus has been prepared on the basis that any offer of Notes in any Member State of the EEA and the United Kingdom (each, a Relevant State) will 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 in that Relevant State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by final terms in relation to the offer of those 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 supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer. Neither the Issuer nor any Dealer have 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 the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor’s currency;
- (iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and
- (v) 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 (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes.

All references in this document to *U.S. dollars*, *U.S.\$* and *\$* refer to United States dollars and to *Swedish Kronor*, *Kronor* and *SEK* refer to the lawful currency of the Kingdom of Sweden. In addition, all references to *euro* and *€* refer to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

Amounts payable on Floating Rate Notes may, if so specified in the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes), be calculated by reference to one of LIBOR, EURIBOR, STIBOR, HKD-HIBOR, AUD-BBR-BBSW or CDOR. As at the date of this Base Prospectus, ICE Benchmark Administration Limited (as administrator of LIBOR), European Money Markets Institute (as administrator of EURIBOR), Refinitiv Benchmark Services (UK) Limited (as administrator of CDOR) and ASX Benchmarks Limited (as administrator of AUD-BBR-BBSW) are included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the Benchmarks Regulation). As at the date of this Base Prospectus, the administrators of STIBOR or HKD-HIBOR are not included in ESMA's register of administrators under the Benchmarks Regulation. As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that none of the Swedish Financial Benchmark Facility (as administrator of STIBOR) or Treasury Markets Association (as administrator of HKD-HIBOR), is currently required to obtain authorisation or registration (or, if located outside the European Union and the United Kingdom, recognition, endorsement or equivalence).

MIFID II PRODUCT GOVERNANCE / TARGET MARKET – The Final Terms in respect of any Notes, or in the case of Exempt Notes, the Pricing Supplement, may 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 MiFID 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. As the Issuer is not subject to the MiFID Product Governance Rules it will never be seen as a manufacturer or distributor, and will therefore not undertake any target market assessment.

NOTIFICATION UNDER SECTION 309B(1)(c) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE (the SFA) – Unless otherwise stated in the Final Terms (or Pricing Supplement, in the case of Exempt Notes) in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

IMPORTANT – EEA and UK RETAIL INVESTORS

If the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) includes a legend entitled "Prohibition of Sales to EEA and 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 European Economic Area (EEA) or in

the United Kingdom (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 (11) of Article 4(1) of MiFID II; or (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 or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

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Stabilisation

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) acting as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) 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 Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

General Description of the Programme

The following section 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, the applicable 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 other than VPS Notes or the Terms and Conditions of the VPS Notes, in which event, in the case of Notes other than Exempt Notes and if required, a supplement to the Base Prospectus or a new Base Prospectus will be published.

This section 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 other than VPS Notes” and “Terms and Conditions of the VPS Notes” shall have the same meanings in this section.

Issuer: Länsförsäkringar Hypotek AB (publ)

Issuer Legal Entity Identifier (LEI): 5493001P7BX1N0JAG961

Risk Factors: There are certain factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme. As set out under “Risk Factors” above, these risks include credit risks resulting from the Issuer’s lending activities; currency risks (which arise as the Issuer currently lends in Swedish Kronor but may fund itself in foreign currencies); risks relating to the Issuer’s dependence on the ability to refinance borrowings on their maturity; the risk of incurring losses due to deficiencies or errors in internal processes and control routines, human errors or external events that affect operations; risks relating to regulatory supervision of the Issuer’s business; and risks relating to competition within the Swedish banking sector.

In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under “Risk Factors” and include certain risks relating to the structure of particular Series of Notes; and certain market risks.

Description: Euro Medium Term Covered Note Programme

Arranger: UBS Europe SE

Dealers: UBS Europe SE and any other Dealers appointed in accordance with 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 United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits

contained in section 19 of the Financial Services and Markets Act 2000 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”.

Under the Prospectus Regulation, prospectuses relating to money market instruments having a maturity at issue of less than 12 months and complying also with the definition of securities are not subject to the approval provisions stated therein.

Issuing and Principal Paying Agent:	Citibank, N.A., London Branch
VPS Agent:	DNB Bank ASA (formerly DnB NOR Bank ASA)
VPS Trustee:	Nordic Trustee AS (formerly Norsk Tillitsmann ASA)
Programme Size:	Up to €6,000,000,000 (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.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Notes may, subject to any applicable legal or regulatory restrictions, 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.
Extendible Obligations:	The applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) may also provide that the Issuer's obligations to pay the Final Redemption Amount of the applicable Series of Notes on their Maturity Date shall be deferred until the Extended Final Maturity Date provided that any amount representing the amount due on the Maturity Date as set out in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) (the Final Redemption Amount) due and remaining unpaid on the Maturity Date may be paid by the Issuer on any Interest Payment Date thereafter up to (and including) the relevant Extended Final Maturity Date. Such deferral will occur automatically if the Issuer fails to pay the Final Redemption Amount of the relevant Series of Notes on their Maturity Date. Interest will continue to accrue on any unpaid amount and will be payable on each Interest Payment Date falling after the Maturity Date up to (and including) the Extended Final Maturity Date on the basis set out in the applicable Final Terms (or, in the case of Exempt Notes, the applicable pricing Supplement).
Issue Price:	Notes may be issued on a fully-paid basis and 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 bearer form (as described in “Form of the Notes”) or, in the case of VPS Notes, uncertificated book entry form, as specified in the Final Terms (or, in the case of Exempt

Notes, the applicable Pricing Supplement).

VPS Notes will not be evidenced by any physical note or document of title. Entitlements to VPS Notes will be evidenced by the crediting of VPS Notes to accounts with the VPS. VPS Notes will not be exchangeable for bearer notes and *vice versa*. See “Form of the Notes” below.

VPS Notes will not be exchangeable for Notes not in VPS form and *vice versa*.

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 and 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:

- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or
- (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or
- (c) on the basis of the reference rate set out in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement).

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.

Zero Coupon Notes:

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

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 other than VPS Notes or Terms and Conditions of the VPS Notes, in which event the relevant provisions will be included in the applicable Pricing Supplement.

Benchmark Discontinuation

In the case of Floating Rate Notes, if a Benchmark Event occurs, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which, an Alternative Rate and, in either case, the applicable Adjustment Spread and any Benchmark Amendments, as further described in Condition 4.4 of the Terms and Conditions of the Notes other than VPS Notes and

Condition 3.4 of the Terms and Conditions of the VPS Notes.

- Redemption:** The applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes) will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity or that such Notes will be redeemable at the option of the Issuer 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 such other terms as may be agreed between the Issuer and the relevant Dealer.
- 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.
- 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 (other than in the case of Exempt Notes) will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency at the time of issue of such Notes).
- 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 unless the withholding or deduction is required by law, in which case such withholding or deduction will be made by the Issuer. In the event that any such withholding or deduction is required by law, the Terms and Conditions of the Notes other than VPS Notes and Terms and Conditions of the VPS Notes will not require the Issuer to pay any additional amounts in respect of such withholding or deduction.
- Negative Pledge:** The Terms and Conditions of the Notes other than VPS Notes and Terms and Conditions of the VPS Notes will not contain a negative pledge provision.
- Cross Default:** The Terms and Conditions of the Notes other than VPS Notes and Terms and Conditions of the VPS Notes will not contain a cross default provision or any other events of default.
- Status of the Notes:** The Notes will be issued on an unsubordinated basis and in accordance with the Swedish Act on the Issuance of Covered Bonds (*lagen (2003:1223) om utgivning av säkerställda obligationer*) (the **Covered Bond Act**). As such, the Notes will have the benefit of a priority right to a pool of certain assets upon bankruptcy of the Issuer; see also “Overview of the Swedish Legislation Regarding Covered Bonds” on pages 100-103 below.
- Rating:** Each Tranche of Notes may be rated or unrated. Where a Tranche of Notes is rated, the Notes are expected to be assigned a rating of Aaa by Moody’s and/or a rating of AAA by S&P. The rating (if any) assigned to the Notes will be specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement). A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating organisation.

Listing, approval and admission to trading:

Application has been made to the CSSF to approve this document as a base prospectus. Application has been made for Notes issued under the Programme to be listed on the official list of the Luxembourg Stock Exchange and to be admitted to trading on the Regulated Market of the Luxembourg Stock Exchange.

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 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, the applicable Pricing Supplement) will state whether or not the relevant Notes are to be VPS Notes or not and whether such Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Governing Law:

The Notes other than the VPS Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law, except for Condition 2 of the Terms and Conditions of the Notes other than VPS Notes, which will be governed by, and construed in accordance with, Swedish law.

VPS Notes and all non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, English law, save for Condition 2 of the Terms and Conditions of the VPS Notes, which will be governed by, and construed in accordance with, Swedish law and Conditions 10, 11 and 12 of the Terms and Conditions of the VPS Notes, which will be governed by and construed in accordance with Norwegian law.

The VPS Notes must comply with the Norwegian Depository Act of 15 March 2019 no. 6, as amended or replaced from time to time (the **VPS Act**), and the holders of VPS Notes will be entitled to the rights and subject to the obligations and liabilities which arise under this Act and any related regulations and legislation.

Selling Restrictions:

There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA (including for these purposes, the United Kingdom and Sweden, Norway and Belgium), Singapore 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. TEFRA C/TEFRA D/TEFRA not applicable.

Risk Factors

In this section, material risk factors are illustrated and discussed, including economic and market risks, operational and business risks, finance risks and legal and regulatory risks, as well as risks related to the structure of a particular issue of Notes, risks related to all Notes issued under the Programme and risks related to the market. The Issuer's assessment of the materiality of each risk factor is based on the probability of their occurrence and the expected magnitude of their negative impact. The description of the risk factors below is based on information available and estimates made on the date of this Base Prospectus. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus, including the documents incorporated by reference, and reach their own views prior to making any investment decision.

The risk factors are presented in categories where the most material risk factor in a category is presented first under that category. Subsequent risk factors in the same category are not ranked in order of materiality or probability of occurrence. Where a risk factor may be categorised in more than one category, such risk factor appears only once and in the most relevant category for such risk factor.

1. RISKS RELATING TO THE ISSUER

Economic and market risks

Risks relating to the Swedish banking industry and the demand for the Issuer's products

Sweden has one of the most consolidated banking sectors in Europe. The Swedish banking market is dominated by a few large banks. The risks within the banking sector mainly consist of credit and market risks. Credit risk refers to the risk that a counterparty cannot meet its obligations and the risk that pledged assets will not cover the claim. Market risk is defined as the risk that changes in interest rates, exchange rates and asset prices will lead to a decline in the value of the bank's net assets and liabilities. The banking sector in Sweden has comparatively low levels of credit and market risks. The low credit risk profile reflects the dominance of retail business among Swedish banks. High cost efficiency and low risk profile are significant to the Swedish bank sector. In recent years, low interest rates, low inflation, higher real estate prices and increased disposable income for the households have led to a continued strong growth in demand for mortgage loans, especially in the residential mortgage sector.

Increased competition and lower margins are future challenges for the mortgage institutions. Even though the Issuer deems that it has a strong position to meet the increased competition, no guarantee can be given that the increased competition may not have a negative impact on the Issuer's financial performance. The demand for the Issuer's products is also dependent on the customers' forecasts for the future, market rates and other factors that have an influence on the customers' financial situation.

Risks relating to the Swedish residential mortgage market

The Swedish mortgage market is dominated by a few institutions, consisting of banks and bank-owned mortgage companies. Low interest rates, rising house prices and strong increases in disposable household income have led to continued strong growth in demand for loans, especially in the residential mortgage market. One of the main risks related to the Swedish residential mortgage market is the credit risk associated with borrowers' creditworthiness, and their ability to pay under the mortgage loan, and with the value of the mortgaged properties. The relatively low risk profile among Swedish mortgage institutions reflects a high degree of lending to single-family homes, moderate loan-to-value ratios, high lending standards and a relatively strong repayment incentive among borrowers. However, it should be noted that the debt to income ratio of borrowers continues to increase. The housing market has been strong for many years, driven by low interest rates, strong household finances, low supply of new homes in growth regions and population growth. In relation to new homes, there has recently been a substantial increase in newly-built multi-family dwellings which could reduce demand in that particular market segment for the foreseeable future, which could have a negative impact on the housing market. House prices may be negatively affected by, for example, changes in regulations affecting the mortgage market directly or indirectly or by a quick rise in interest rates or unemployment levels. The Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) (the **Swedish FSA**) has implemented regulations imposing more stringent amortisation requirements on residential mortgages. If the Swedish housing market were to decline, and demand for new loans,

as a consequence, were to significantly decrease, this would negatively affect the demand for the Issuer's offering of loans in the Swedish residential mortgage market, and thereby adversely affecting the Issuer's business, results of operations and margins.

Risks relating to disruptions in the global credit markets and economy

Financial markets are subject to periods of historic volatility and the economic climate in the region is exposed to political risk, which may impact the Issuer's ability to raise debt in a similar manner, and at a similar cost, to the funding raised in the past. Challenging market conditions may result in greater volatility and reduced liquidity, widening of credit spreads and lack of price transparency in credit markets, which may affect the Issuer. These conditions and changes in investment markets, including changes in interest rates, exchange rates and returns from equity, property and other investments, may affect the financial performance of the Issuer. In addition, the financial performance of the Issuer could be adversely affected by a worsening of general economic conditions in the markets in which it operates.

Furthermore, the global spread of the coronavirus (**Covid-19**) during the first quarter of 2020 has had a significant negative impact on the global economy. The mitigating actions being taken by governments to contain the spread of Covid-19 has led to a huge decline in economic activity that will affect the Swedish economy as well as the development of financial markets. As of the date of this Base Prospectus, it is highly speculative to predict what exact impact the effects of Covid-19 and the applicable measures and restrictions implemented due to the virus may have on the Issuer's operations. However, there is a risk that the Issuer's operations, in addition to any effects of a potential downturn in the housing market, will be affected by the direct or indirect impact of Covid-19 on the Issuer's customers or counterparts, who, as a result, may develop a change in behaviour. An illustration of the impact of Covid-19 seen so far is the additional loan loss provisions during the first quarter of 2020 amounting to SEK 4 million related to Covid-19. There has also been an increase in client applications for amortisation holidays.

The possibility of an extended period of political uncertainty and financial market volatility as a result of such politically sensitive events or the spread of a contagious virus such as COVID-19 may also adversely affect the financial performance of the Issuer and its ability to raise debt in the international capital markets.

Operational and business risks

Credit risks and counterparty risks

Investors investing in Notes take a credit risk on the Issuer. Credit risk is the potential risk of financial loss arising from the failure of a counterparty to fulfil its financial obligations as they fall due (and such loss is not covered by any collateral (if any)). The Issuer's credit risk primarily arises from its lending activities, but it also arises from its derivative transactions. The Issuer carries out transactions with financial counterparties for risk management purposes, which expose the Issuer to counterparty risks. Counterparty risk is the risk of a counterparty being unable to fulfil its commitments to the Issuer, which could lead to losses. Failure to control these risks can cause increased costs and result in a material adverse effect on the Issuer's financial position.

The Issuer's core (and main) business is residential mortgage lending to Swedish borrowers. The business risk principally pertains to credit risks on the Issuer's customers. The Issuer's business shows relatively low credit risks and the Issuer has historically showed low credit losses. This is largely due to the fact that the Issuer lends against security over Swedish residential real property (Sw. *fastigheter*), residential site leasehold rights (Sw. *tomträtter*) and residential tenant ownership rights (Sw. *bostadsrätter*). The volume of historical credit losses is however not any indication as to the volume of any future credit losses. As the principal part of the Issuer's lending is made against security over real property, site leasehold rights and tenant ownership rights, the risks associated with the Issuer's business are linked to the development of the Swedish real estate and housing market.

Operating within the banking sector and offering financial products and services involves taking calculated risks. The risks linked with these products and services are taken consciously and shall be reflected in, and covered by, the prices offered to the customers.

For the period from 1 January 2020 to 31 March 2020, the Issuer's credit loss amounted to SEK 1.6 (-0.4) million, which corresponds to a credit loss level of 0.00 (-0.0) per cent. Figures in parentheses pertain to the same period in 2019.

IT failure and cyber risks

Although identification, management and control of operational risks is a clear and integrated part of the Issuer's business, deficiencies or errors in internal processes and control routines, human errors, incorrect systems or external events that affect operations may occur. This could result in a material adverse effect on the Issuer's financial position, business, the products and services it offers or its assets. The most significant operational risks for the Issuer are information technology risks.

The Länsförsäkringar Bank Group depends on the success of its business continuity planning, the uninterrupted and efficient operation of its information and communications systems, including its information technology (to manage critical business processes as well as administrative functions), Länsförsäkringar Bank Group's monitoring and protective measures and the successful development and implementation of new systems. However, as is the case for information technology systems generally, losses could result from inadequate or failed internal control processes and protection systems, human error, fraud or external events that interrupt normal business operations. This could result in a loss of data and a failure to provide quality service to customers, which in turn can cause direct financial loss and may compromise the Länsförsäkringar Bank Group's strategic initiatives. Technology failure or underperformance could also increase the Länsförsäkringar Bank Group's litigation and regulatory exposure or require it to incur higher administrative costs (including remediation costs). Further, an irrecoverable loss of any customer database would be expensive and time-consuming to endeavour to retrieve or recreate.

Länsförsäkringar AB is providing the Länsförsäkringar Bank Group with certain services related to intragroup IT and administration systems. Consequently, and in addition to the risk related to information technology set out above, the Länsförsäkringar Bank Group is dependent on Länsförsäkringar AB in relation to (i) its general IT and data security infrastructure, (ii) its strategies for intellectual property rights and data security and (iii) its relations with certain suppliers. If Länsförsäkringar AB were to fail in any of the above, or if the Issuer or its own systems were to fail, it would have a major impact on the Issuer's ability to conduct its business and further have an adverse effect on the Issuer's financial result.

Strategic risk

Strategic risk is the risk of loss of current revenue streams or missed future revenue opportunities because of changing market conditions through economic downturns, increased competition, changes in business laws/regulations or other external factors that negatively affect the Länsförsäkringar Bank Group's business model. Strategic risk also includes the risk that third parties adversely affect the Länsförsäkringar Bank Group's brand. Macroeconomic developments in the business environment are affected by various events and scenarios and institutional changes and changes in basic market conditions may occur to the Issuer. The realisation of any of the aforementioned risks could adversely affect the Issuer's business, financial position and results of operations. The ability of the board of directors and CEO of the Issuer to plan, organise, follow up on and control the operations and to continuously monitor market conditions is important. Failure to do so may result in a material adverse effect on the Issuer's business, financial position and results of operations.

Earnings risk

Earnings risk is volatility in earnings that creates a risk of lower income due to an unexpected decrease in income as a result of such factors as competition or volume reductions. Earnings risk is associated with all of the Länsförsäkringar Bank Group's products and portfolios. A considerable portion of the Länsförsäkringar Bank Group's business operations is mortgage lending. Mortgage lending has a low level of volatility.

Reputation risk

Reputation risk is the risk of a tarnished reputation among customers, owners, employees, authorities and other parties resulting in reduced income. Failure to control credit risk, market risk, operational risk and liquidity risk can result in material adverse effects on the Issuer's financial performance and reputation. Reputation risk is difficult to assess, but could be substantially damaging to the Issuer's operations based on a well-established brand, if materialised.

Compliance risks

The banking and financing sector is heavily regulated and, as a group conducting banking and financing operations, the Bank Group is subject to regulations and regulatory supervision pursuant to numerous directives, laws, regulations and policies issued by, *inter alia*, the European Union (EU) and Sweden. Legal or regulatory developments and/or changes in supervisory policies or evaluation methods could materially affect the Issuer's business, the products and services it offers or the value of its assets.

The management of business, regulatory and legal risks requires, among other things, guidelines and policies for the accurate registration and control of a large number of transactions and events. However, there is a risk that such guidelines and policies are not always adequate and compliant with applicable regulations. Non-compliance with, as well as deficiencies in, guidelines and policies for risk management that leads to negative publicity or criticism from the Swedish FSA or other regulators within the financial sector would thus have a material adverse effect on the Issuer's reputation. Furthermore, any non-compliance that would lead to fines from the Swedish FSA or other regulators require the Issuer to pay amounts (which may be significant) and take measures to ensure compliance.

As a lender to individuals, the Issuer process large quantities of personal data on its customers. Such processing of personal data is subject to extensive regulation and scrutiny following the implementation of the general data protection regulation 2016/679/EU (GDPR) that became applicable as of 25 May 2018. Efforts to continuously ensure compliance with the GDPR is time-consuming and costly. Any non-compliance with applicable data protection legislation risks leading to substantial administrative fines and other actions which would have a material effect on the ability of the Issuer to conduct its business, such as a temporary or permanent ban on data processing. Any administrative or monetary sanctions (including administrative fines of up to the greater of EUR 20 million or 4.0 per cent of the total annual turnover) would adversely affect the Issuer's business, financial condition and results of operations.

Finance risks

Liquidity and financing risks

Liquidity risk is the risk of the Issuer, due to insufficient cash and cash equivalents, being unable to fulfil its commitments or only being able to fulfil its commitments by borrowing cash and cash equivalents at a significantly higher cost, as the Issuer's lending to a large extent is made on longer terms than the Issuer's funding. Therefore, the Issuer is dependent on the ability to refinance borrowings upon their maturity. Liquidity risk also refers to the risk of financial instruments that cannot immediately be converted to cash and cash equivalents without decreasing in value. Furthermore, if the Issuer's inability to meet its payment obligations when they fall due is not temporary, it could mean that the Issuer might be considered insolvent.

Financing risk is the risk that the Issuer, in the event of financing maturity, does not successfully refinance the maturity or only succeeds in borrowing at substantially increased costs. The Issuer's lending is to a large extent made on longer terms than the Issuer's funding. Therefore, the Issuer is dependent on the ability to refinance borrowings upon their maturity.

Since the Issuer is not a listed company, it does not have direct access to the equity capital markets, and as a consequence, the Issuer is partly dependent upon its owner, the Parent Company (as defined in "Description of the Issuer" below), as a source for capital. The Parent Company is in turn partly dependent upon its owner, Länsförsäkringar AB (as defined in "Description of the Issuer" below). If the Parent Company does not provide the Issuer with capital to the extent the Issuer needs it, this can have a negative impact on the Issuer's business. As Länsförsäkringar AB is also not a listed company, it is in turn dependent on its owners, the 23 independent, local and customer-owned regional insurance companies in Sweden, as a source for capital.

Market risks

Market risk is the risk of loss or reduced future income due to market fluctuations. The Issuer's main market risks include currency risk and interest rate risk. The Issuer currently lends in Swedish Kronor but may fund itself in foreign currencies. The currency risk arising in connection with the funding involves a risk of financial loss as a result of changes in exchange rates and may have a negative impact on the financial results of the Issuer. In order to manage the currency risk, the Issuer uses

derivative instruments and is therefore dependent on a liquid and well-functioning derivatives market. There are also interest-rate risks in the Issuer's business, which arise when there is an imbalance in the interest rate structure between its assets and liabilities and corresponding off-balance-sheet items. The Issuer limits its exposure to interest-rate fluctuations by the use of derivative instruments and by matching the interest rate and the maturity structure for its assets and liabilities. If the derivatives market becomes illiquid it could potentially make it impossible to dispose of the currency risk via derivative agreements or it would only be possible at a significantly higher cost and could therefore have a negative impact on the Issuer's currency risk.

Regulatory risks

Increased capital requirements and standards

The Issuer is subject to capital adequacy and liquidity regulations, which aim to put in place a comprehensive and risk-sensitive legal framework to ensure enhanced risk management among financial institutions. Regulations which have impacted the Issuer and are expected to continue to impact the Issuer include, among others, the Basel III framework, the EU Capital Requirements Directive 2013/36/EU (the **CRD IV**), as amended by Directive (EU) 2019/878 (**CRD V**) and the EU Capital Requirements Regulation (EU) No. 575/2013, as amended by Regulation (EU) 2019/876 (**CRR II**) (together the **CRR**). CRR and the CRD IV are supported by a set of binding technical standards developed by the European Banking Authority. The regulatory framework will continue to evolve and any resulting changes could have a material impact on the Issuer's business.

The capital adequacy framework include, *inter alia*, minimum capital requirements for the components in the capital base with the highest quality: common equity tier 1 (**CET1**), additional tier 1 capital and tier 2 capital. CRR II also introduces a binding leverage ratio requirement (i.e. a capital requirement independent from the riskiness of the exposures, as a backstop to risk-weighted capital requirements) for all institutions subject to the CRR. In addition to the minimum capital requirements, CRD IV provides for further capital buffer requirements that are required to be satisfied with CET1 capital. Certain buffers may be applicable to the Issuer as determined by the Swedish FSA.

The countercyclical buffer rate is a capital requirement which varies over time and is to be used to support credit supply in adverse market conditions. On 19 September 2019, the countercyclical capital buffer for Sweden was increased from 2.0 per cent to 2.5 per cent. However, due to the Covid-19 outbreak, the Swedish FSA has recently decided to decrease the countercyclical buffer to 0.00 per cent. Such new buffer rate applies since 16 March 2020. A breach of the combined buffer requirements is likely to result in restrictions on certain discretionary capital distributions by the Issuer, for example, dividends on CET1 and coupon payments on tier 1 capital instruments.

For the period 31 December 2018 to 31 December 2020, the Swedish FSA has changed the method for applying the risk-weight floor for Swedish mortgages. The change has increased the Issuer Pillar 1 Risk Exposure Amount (**REA**) significantly, but is not viewed to have any material effect on the total (Pillar 1 and Pillar 2) capital requirement in nominal terms. However, given the increase in REA, the actual capital ratios of the Issuer (expressed as a percentage of REA) have decreased. Consequently, the Issuer headroom to pay dividends on CET1 capital and make discretionary distributions has reduced compared to previous periods.

The conditions of the Issuer's business as well as external conditions are constantly changing and the full set of capital adequacy rules applicable to Swedish financial institutions continues to evolve. For the foregoing reasons, the Issuer is potentially required to raise additional capital in the future. Such capital, whether in the form of debt financing, hybrid capital or additional equity, may not be available on attractive terms, or at all. If the Issuer is required to make additional provisions, increase its reserves or capital, or exit or change its approach to certain operations as a result of, for example, the initiatives to strengthen the regulation of credit institutions, this would adversely affect its results of operations or financial condition, all of which may adversely affect the Issuer's abilities to raise additional capital.

Serious or systematic deviations by the Issuer from the above regulations would most likely lead to the Swedish FSA determining that the Issuer's business does not satisfy the statutory soundness requirement for credit institutions and thus result in the Swedish FSA imposing sanctions on the Issuer. Further, any increase in the capital and liquidity requirements could have a negative effect on the Issuer's liquidity (should its revenue streams not cover continuous payment to be made under its

issued capital), funding (should it not be able to raise funding on attractive terms, or at all), financial condition (should liquidity and funding be negatively affected) and results of operations (should its costs increase).

Bank Recovery and Resolution Directive

The Issuer is subject to EU-wide framework for the recovery and resolution of credit institutions and investment firms (Directive 2014/59/EU) (known as the Bank Recovery and Resolution Directive (**BRRD**)), which was amended by Directive (EU) 2019/879 (BRRD II) on 27 June 2019 where most of the new rules in BRRD II will start to apply mid-2021. The BRRD legislative package establishes a framework for the recovery and resolution of credit institutions and, *inter alia*, requires EU credit institutions to produce and maintain recovery plans setting out the arrangements that may be taken to restore the long-term viability of the institution in the event of a material deterioration of its financial position.

The BRRD contains a number of resolution tools and powers which may be applied by the resolution authority (in Sweden, the Swedish National Debt Office (*Riksgäldskontoret*)) upon certain conditions for resolution being fulfilled. These tools and powers may be used alone or in combination, and include, *inter alia*, a general power to write-down all or a portion of the principal amount of, or interest on, certain other eligible liabilities, whether subordinated or unsubordinated, of an institution in resolution and/or to convert certain unsecured debt claims including senior notes and subordinated notes into another security, including CET1 instruments of the surviving entity, which equity could also be subject to any further application of the general bail-in tool. This means that most of such failing institution's debt could be subject to bail-in, except for certain classes of debt, such as deposits and secured liabilities i.e. the Notes.

As the Notes are covered bonds and constitute "secured liabilities" for the purposes of the BRRD, they are exempted from the scope of bail-in. Relevant claims for the purposes of the general bail-in tool would therefore not generally include the claims of holders of Notes issued under the Programme. Member States are required under the BRRD to ensure that all assets comprising the Cover Pool remain unaffected, segregated and with enough funding in the event that resolution authorities exercise the general bail-in tool in respect of other liabilities of a failing institution. Notwithstanding this, resolution authorities may, where appropriate, exercise the general bail-in tool in respect of any secured liability (such as a claim under the Notes) to the extent that the amounts payable in respect of such secured liability exceed the value of the assets (the Cover Pool in the case of the Notes) against which it is secured.

In addition to the general bail-in tool, the BRRD provides for relevant authorities to have the power, before any other resolution action is taken, to permanently write-down or convert into equity relevant capital instruments at the point of non-viability. Ultimately, the authority may take control of a failing institution and, for example, transfer the institution to a private purchaser or to a publicly controlled entity pending a private sector arrangement. All these actions can be taken without any prior shareholder consent.

The powers set out in the BRRD will impact how institutions are managed as well as, in certain circumstances, the rights of creditors. Holders of eligible liabilities may be subject to write-down or conversion into equity on any application of the general bail-in tool and, in the case of subordinated liabilities, non-viability loss absorption. The general bail-in tool can be used to recapitalise an institution that is failing or about to fail, allowing authorities to restructure it through the resolution process and restore its viability after reorganisation and restructuring. The write-down and conversion power can be used either together with, or also, independently of, a resolution action. Other powers provided to resolution authorities under the BRRD in respect of debt instruments include replacing or substituting the institution as obligor in respect of such debt instruments; modifying the terms of debt instruments (including altering the maturity and/or the amount of interest payable and/or imposing a temporary suspension on payments), and/or discontinuing the listing and admission to trading of debt instruments.

It is not possible to predict exactly how the powers and tools of the National Debt Office provided in the BRRD (as implemented into Swedish law) will affect the Issuer, the Länsförsäkringar Bank Group or the Noteholders. However, the powers and tools given to the National Debt Office are numerous and the exercise of any of those powers or any suggestion of such exercise could have a material adverse effect on the Issuer, the Länsförsäkringar Bank Group and/or the Noteholders.

Minimum requirement for own funds and eligible liabilities under the BRRD

In order to, among other things, ensure the effectiveness of bail-in and other resolution tools, all in-scope institutions must have sufficient own funds and eligible liabilities available to absorb losses and contribute to recapitalisation if the bail-in tool were to be applied. Each institution must meet an individual minimum requirement for own funds and eligible liabilities (**MREL**), calculated as a percentage of total liabilities and own funds and set by the relevant resolution authorities (the National Debt Office for Sweden) on a case by case basis.

The MREL requirement has been required to be met as from 1 January 2018 (the liabilities proportion principle). On 18 June 2018 the Swedish National Debt Office announced and clarified the MREL requirement of the Parent Company. Together with an additional announcement made on 7 April 2020, this means that by 1 January 2024 at the latest, the requirement must be fully met with subordinated and non-preferred liabilities (the subordinated and non-preferred liabilities principle). As a result, the Parent Company will be required to issue an amount of additional eligible liabilities in the form of Senior Non-Preferred Notes or other MREL eligible liabilities in order to meet the new MREL requirements within the required timeframes. If the Länsförsäkringar Bank Group was to experience difficulties in raising such eligible liabilities, it would have to reduce its lending or investments in other operations. This is likely to lead to a decrease in the Länsförsäkringar Bank Group's revenue which, if its costs remain unchanged, would decrease its operating result. Further, given that the MREL requirements must be met by all EU credit institutions (not just those identified as being of a particular size or of systemic importance), there is a risk that there is not sufficient investor appetite in the debt markets for the aggregate volume of eligible liabilities which must be issued up until 1 January 2024, which would have a negative effect on the price and value of notes issued by the Issuer or the Parent Company.

Anti-money laundering

The Issuer's business is subject to a regulatory framework which requires the Issuer to take measures to counteract money laundering and terrorist financing within its operations. Criminal activity within the banking industry, in which the Issuer operates, has been increasingly uncovered in recent years. This area, not least the issue of money laundering, received particularly intense media scrutiny in the last two years and so far also in 2020. There is a risk that the Issuer's procedures, internal control functions and guidelines to counteract money laundering and terrorist financing are not sufficient or adequate to ensure that the Issuer complies with the regulatory framework. This may result from, for example, insufficient procedures, internal control functions or guidelines, or errors by employees, suppliers or counterparties.

Failure to comply with the applicable rules and regulations could result in legal implications. If the Issuer were to become subject to remarks or warnings and/or administrative fines imposed by the Swedish FSA, this could cause significant, and potentially irreparable, damage to the reputation of the Issuer and, as a result, the Issuer's business, financial position and results of operations could be materially adversely affected.

Changes in tax legislation

The Issuer's business and transactions are conducted in accordance with the Issuer's interpretation of applicable laws, tax treaties, regulations, case law and requirements of the tax authorities. However, there can be no assurance that the Issuer's interpretation of applicable laws, tax treaties, regulations, case law or other rules or administrative practice is correct, or that such rules or practice will not change, possibly with retroactive effect. For example, the Swedish government previously presented a proposal for tax on financial services based on an argued tax advantage for businesses supplying financial services since these services are VAT exempt. Although the proposal was withdrawn on 24 February 2017 after being heavily criticised during the consultation for comments, mainly for being too broad, certain political parties did express their intention to prepare a new proposal in connection with the 2018 Swedish general election. In January 2019, several months after the 2018 Swedish general election, four political parties entered into an agreement in order to form a government. The agreement contains 73 items, one of which is a comprehensive tax reform. In August 2019, the current government further revisited the proposal for tax on financial services and expressed its intention to introduce such tax in 2022. The details of these intended changes to tax legislation are not yet known and there is a risk that the suggestion, if implemented, will increase the Issuer's tax costs.

It is currently not possible to predict if or when new proposals for changes to tax legislation will be presented or what they will look like. In this context, it should also be noted that new general limitations to deduct interest expenses based on Directive (EU) 2016/1164 entered into force on 1 January 2019 to apply for financial years commencing after 31 December 2018. Under the new regulation, an overall interest deduction limitation rule has been introduced for net interest expenses on all loans, i.e. both between affiliated and unaffiliated parties, under which net expenses may only be deducted up to a maximum of 30 per cent. of the borrower's EBITDA (a safe harbour rule also exists under which net interest expenses up to SEK 5 million are deductible). The changes regarding interest deduction limitations are combined with a reduction of the corporate income tax rate over a two year period. For financial years commencing before 1 January 2019, the rate is 22 per cent., for financial years commencing from and including 1 January 2019, the rate is 21.4 per cent. and for financial years commencing from and including 1 January 2021, the rate is 20.6 per cent.

The Issuer's tax situation for previous, current and future years may change as a result of legislative changes such as that mentioned above, decisions made by the tax authorities or as a result of changed tax treaties, regulations, case law or requirements of the tax authorities. Such decisions or changes, potentially with retroactive effect, could adversely affect the Issuer's business, financial condition and results of operations.

Risks relating to changes in accounting standards

From time to time, the International Accounting Standards Board (the **IASB**), the EU and other regulatory bodies change the financial accounting and reporting standards that govern the preparation of the Issuer's financial statements. These changes can be difficult to predict and can materially impact how the Issuer records and reports its results of operations and financial condition.

In July 2014, the IASB issued a new accounting standard, International Financial Reporting Standard 9 (Financial Instruments) (**IFRS 9**), which replaces IAS 39 and IAS 32 and became effective from 1 January 2018. IFRS 9 provides principles for classification of financial instruments and provisioning for expected credit losses which are mandatory, and therefore fully implemented by the Issuer, as of 1 January 2018. Furthermore, IFRS 9 provides a new general hedge accounting model that is not yet mandatory which is why it is currently not possible to determine the extent of the impact that the implementation of the hedge accounting model will have on CET 1 capital as the new rules for the transition and its impact on capital ratios, are not yet final. As a consequence of the new general hedge accounting model under IFRS 9, and the uncertainty regarding its implementation, the Issuer may need to obtain additional capital in the future, and may not be able to obtain new equity capital or debt financing qualifying as regulatory capital on attractive terms, or at all.

Harmonisation of the EU covered bond framework

The EU's covered bond directive (Directive (EU) 2019/2162) and regulation (Regulation (EU) 2019/2160) came into effect on 7 January 2020 (although there will be a maximum 30 month transposition period after the effective date and the new directive and the new regulation will become applicable during July 2021). The new covered bond directive replaces current Article 52(4) of the Undertakings for Collective Investment in Transferable Securities Directive 2009/65/EC (the **UCITS Directive**), establishes a revised common base-line for the issue of covered bonds for EU regulatory purposes (subject to various options that member states may choose to exercise when implementing the new directive through national laws). The new regulation amends Article 129 of the CRR (and certain related provisions) and further strengthens the criteria for covered bonds that benefit from preferential capital treatment under the CRR regime. Certain changes will likely be made to the Covered Bond Act and the Swedish FSA regulations, but no draft legislation for the Swedish implementation of the EU's covered bond directive has yet been presented. Hence, it is still unclear how the EU's covered bond directive will affect the Swedish legislation governing covered bonds. Therefore, there can be no assurances or predictions made as to the precise effect of the new regime on the Notes.

In addition, the new covered bond directive provides for permanent grandfathering with respect to certain requirements of the new regime for Article 52(4) UCITS Directive-compliant covered bonds issued by an issuer with its registered office in an EU member state before the relevant application date, provided there is continued supervision by the relevant designated competent authority in the EU (similar grandfathering provisions are also set out in the new regulation).

2. RISKS RELATING TO THE NOTES

Risks relating to the structure of a particular issue of Notes

Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when 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.

The Issuer may be expected 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.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes 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 basis, and any conversion of the interest basis, may affect the secondary market and the market value of the Notes as the change of interest basis may result in a lower 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 market rates on those Notes and could affect the market value of an investment in the relevant Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Risks relating to all Notes issued under the Programme

The Cover Pool and Covered Notes

The Notes and any other covered notes issued by the Issuer in accordance with the Covered Bond Act (together the **Covered Notes**) have the benefit of a priority to a pool of certain assets (the **Cover Pool**) in the event of bankruptcy (Sw. *konkurs*) of the Issuer. The assets in the Cover Pool are owned by the Issuer but, in the event of the Issuer's bankruptcy, will not be available to the Issuer's other creditors until the holders of Covered Notes and related derivative counterparties have been repaid in full (except in limited circumstances if the administrator-in-bankruptcy would grant an advance dividend to unsecured creditors). To the extent that claims in relation to the Covered Notes are not met out of the assets in the Cover Pool, the residual claims will rank *pari passu* with the other unsecured and unsubordinated obligations of the Issuer. See also "Overview of the Swedish Legislation Regarding Covered Bonds" below.

Lacking compliance with matching requirements

Under the Covered Bond Act, the Issuer must comply with certain matching requirements, which *inter alia* require that the nominal value and the present value of the assets registered to the Cover Pool respectively exceed by at least 2 per cent. the nominal value and the present value of liabilities which relate to the Covered Bonds issued from time to time, with respect to the Cover Pool and the Covered Notes. In order to comply with these requirements and for risk management purposes, the Issuer may enter into derivative contracts. To do so, the Issuer is dependent on the availability of derivative counterparties with sufficient credit rating and also on such counterparties fulfilling their contractual obligations.

A breach of the matching requirements prior to the Issuer's bankruptcy in the circumstances where no additional assets are available to the Issuer, or the Issuer lacks the ability to acquire additional assets, could result in the Issuer being unable to issue further Covered Bonds. If, in the event of the Issuer's bankruptcy, the administrator-in-bankruptcy deems that the Cover Pool does not comply with the matching requirements (for example due to a devaluation of the underlying properties and where no

additional assets are available to compensate for such devaluation) and the deviations are not just minor and temporary, the Cover Pool may no longer be maintained as a unit and the holders of Covered Notes would instead benefit from the proceeds of the sale of assets in the Cover Pool in accordance with the Swedish rules pertaining to dividends in bankruptcy. This could result in the holders of Covered Notes receiving payments according to a schedule that is different than that contemplated by the contractual terms of the Covered Notes (with acceleration as well as delays) or that the holders of Covered Notes are not paid in full. However, the holders of Covered Notes would retain the benefit of a priority to the assets comprised in the Cover Pool. See also “Overview of the Swedish Legislation Regarding Covered Bonds” below.

Liquidity after the Issuer’s bankruptcy

Upon a credit institution’s bankruptcy, neither the credit institution nor its bankruptcy estate would have the ability to issue further covered bonds. Whilst there can be no assurance as to the actual ability of the bankruptcy estate to raise post-bankruptcy liquidity in other ways, the Covered Bond Act gives the administrators-in-bankruptcy an explicit and broad mandate to enter into loan, derivative, repo and other transactions on behalf of the bankruptcy estate with a view to attaining matching of cash flows, currencies, interest rates and interest periods between assets in the Cover Pool, covered bonds and derivative contracts. The administrators-in-bankruptcy may also raise liquidity by selling assets in the Cover Pool in the market for example. If the bankruptcy estate is not able to raise sufficient liquidity, this could result in Noteholders not being paid in timely manner.

No due diligence in relation to the Cover Pool

Neither the Arranger nor the Dealers have undertaken, nor will they undertake, any investigations, searches or other actions in respect of the loans and other assets contained or to be contained in the Cover Pool, but will instead rely on the obligations of the Issuer under the Covered Bond Act.

Limited description of the assets in the Cover Pool

Noteholders will not receive detailed statistics or any other information in relation to the mortgage loans and other assets included from time to time in the Cover Pool, and it is expected that the constitution of the Cover Pool may change from time to time. However, the Swedish FSA has appointed an independent supervisor (Sw. *oberoende granskare*) to monitor the Issuer’s compliance with the matching requirements, eligibility criteria and certain other material provisions of the Covered Bond Act.

Overcollateralisation

The Issuer has, in Condition 2.2 of the Terms and Conditions of the Notes other than VPS Notes and Condition 2.2 of the Terms and Conditions of the VPS Notes, covenanted to procure that the nominal value of the Cover Pool shall at all times exceed the aggregate nominal value of claims which may be asserted against the Issuer on account of covered bonds by 10 per cent. or such other Alternative Overcollateralisation Percentage as may be selected by the Issuer from time to time in accordance with Condition 2.2 of the Terms and Conditions of the Notes other than VPS Notes or Condition 2.2 of the Terms and Conditions of the VPS Notes, as the case may be.

The ratings of the Notes are based on an assumption of a certain level of overcollateralisation, and the relevant rating agencies may change the level of overcollateralisation that is required for maintaining the rating of the Notes from time to time. The Terms and Conditions of the Notes other than VPS Notes and the Terms and Conditions of the VPS Notes do not require the Issuer to maintain the overcollateralisation of the Notes at the original level or the level required by the relevant rating agencies (subject to compliance with Condition 2.2 of the Terms and Conditions of the Notes other than VPS Notes or Condition 2.2 of the Terms and Conditions of the VPS Notes, as the case may be) or to increase the overcollateralisation of the Notes in the event that the rating agencies require an increase to maintain the rating, and the Issuer cannot guarantee that a certain rating of the Notes will be maintained throughout the term of the Notes. Such change in the rating of the Notes may adversely affect the market value of the Notes.

Conflicting interests of other creditors

In the event of the Issuer’s bankruptcy, the Covered Bond Act does not give clear guidance on certain issues. This may lead to a conflict between the Noteholders, holders of any other Covered Notes and counterparties to derivative agreements, on the one hand, and other creditors of the Issuer on the other hand. Examples of such issues include (a) how proceeds from a loan partly registered in the Cover Pool should be distributed between the portion of such loan registered in the Cover Pool and

the portion of such loan not registered in the Cover Pool, and (b) how the proceeds of enforcement of certain collateral should be distributed if such collateral secures two different loans ranking *pari passu* in respect of the collateral where one such loan is not wholly or partly registered in the Cover Pool. The lack of clear guidance on these and similar issues may lead to unsecured creditors arguing that part of the proceeds from a loan and/or collateral should not be included in the Cover Pool or to any creditors with loans that rank *pari passu* in a collateral which also secures a loan registered in the Cover Pool arguing that part of the proceeds from such collateral should not be included in the Cover Pool. If any such claim were upheld, it could diminish the value of assets in the Cover Pool, which could have an adverse effect of the recovery of Noteholders in the event of the Issuer's bankruptcy.

Levy of execution on the assets in the Cover Pool

Although the Covered Bond Act and the Swedish Rights of Priority Act (Sw. *Förmånsrättslagen (1970:979)*) (the **Rights of Priority Act**) prescribes that a right of priority applies upon both bankruptcy and levy of execution, it has been argued that, as the Swedish Enforcement Code (*Utsökningsbalken (1981:774)*) does not protect the right of priority of a holder of Covered Notes in competition with another creditor seeking execution over assets in the Cover Pool, such a creditor may, through levy of execution, defeat the right of priority accorded to holders of Covered Notes under the Rights of Priority Act. However, this is generally perceived as an oversight by the legislator and, in light of the wording and purpose of the Covered Bond Act and the Rights of Priority Act, it is highly unlikely that a Swedish court would permit execution over Cover Pool assets. In any event, execution levied during a period of three months prior to the commencement of bankruptcy proceedings against an issuer of covered notes is likely to be reversed upon the granting of an application for such bankruptcy proceedings.

No gross-up

Under the Terms and Conditions of the Notes other than VPS Notes and the Terms and Conditions of the VPS Notes, all payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction unless the withholding or deduction of such taxes is required by law, in which case such deduction will be made by the Issuer.

In the event that any such withholding or deduction is required by law, the Terms and Conditions of the Notes other than VPS Notes and the Terms and Conditions of the VPS Notes do not require the Issuer to pay any additional amounts in respect of such withholding or deduction.

No events of default

The Terms and Conditions of the Notes other than VPS Notes and the Terms and Conditions of the VPS Notes do not include any events of default relating to the Issuer, the occurrence of which would entitle Noteholders to accelerate the Notes, and it is envisaged that Noteholders will only be paid the scheduled interest payments under the Notes as and when they fall due under the terms and conditions of the Notes.

Extendable obligations under the Notes

Following the failure by the Issuer to pay the Final Redemption Amount of a Series of Notes on their Maturity Date, payment of such amounts shall be automatically deferred. This will occur if the Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) for a relevant Series of Notes provides that such Notes are subject to an extended final maturity date on which the payment of all or (as applicable) part of the Final Redemption Amount payable on the Maturity Date will be deferred in the event that the Final Redemption Amount is not paid in full on the Maturity Date (the **Extended Final Maturity Date**).

Payment of all unpaid amounts shall be deferred automatically until the applicable Extended Final Maturity Date, provided that any amount representing the Final Redemption Amount due and remaining unpaid on the Maturity Date may be paid by the Issuer on any Interest Payment Date thereafter up to (and including) the relevant Extended Final Maturity Date.

The Issuer is not required to notify the Noteholders of such automatic deferral. The Extended Final Maturity Date will be the date specified in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement). Interest will continue to accrue on any unpaid amount and will be payable on each Interest Payment Date falling after the Maturity Date up to (and including) the Extended Final Maturity Date.

In relation to all amounts constituting accrued interest due and payable on each Interest Payment Date falling after the Maturity Date up to (and including) the Extended Final Maturity Date, as provided in the applicable Final Terms (or in the case of Exempt Notes, the applicable Pricing Supplement), the Issuer may pay such interest pursuant to the rate set out in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) notwithstanding that the relevant Note had a different interest basis as at its relevant Issue Date.

In addition, following deferral of the Maturity Date, the Interest Payment Dates and Interest Periods may change as set out in the applicable Final Terms (or in the case of Exempt Notes, the applicable Pricing Supplement).

Modification

The Terms and Conditions of the Notes other than VPS Notes and the Terms and Conditions of the VPS Notes contain provisions for calling meetings of Noteholders 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.

Change of law

The Terms and Conditions of the Notes other than VPS Notes are based on English law save for Condition 2 of such Conditions, which is governed by Swedish law.

The Terms and Conditions of the VPS Notes are based on English law, save for Condition 2 of such Conditions, which is governed by Swedish law and Conditions 10, 11 and 12 of such Conditions, which are governed by Norwegian law.

No assurance can be given as to the impact of any possible judicial decision or change to English, Norwegian or Swedish law or administrative practice after the date of this Base Prospectus and any such change could materially adversely impact the value of any Notes affected by it.

Enforceability of judgments

A judgment entered against a company incorporated in Sweden in the courts of a state which is not under the terms of (i) Regulation (EU) No. 1215/2012 of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (the **2012 Brussels Regulation**), (ii) Council Regulation (EC) No. 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (the **2000 Brussels Regulation**), or (iii) the Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters made at Lugano on 30 October 2007 (the **Lugano Convention**), a Member State (as defined in the 2012 Brussels Regulation and the 2000 Brussels Regulation) or a Contracting State (as defined in the Lugano Convention), would not be recognised or enforceable in Sweden 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, administrative tribunals or executive or other public authorities of Sweden). The United Kingdom left the EU on 31 January 2020 at 11 pm (UK time) and at that time, the EU treaties automatically ceased to apply to the United Kingdom; however, as part of the withdrawal agreement between the United Kingdom and the EU, an implementation period has been agreed which will extend the application of EU law and provide for continuing membership of the EU single market until the end of 2020 (with the possibility of extension). As a result, following the end of the implementation period under the withdrawal agreement, an English court judgment entered against the Issuer in relation to the Notes may not be recognised or enforceable in Sweden (absent any replacement arrangements being put in place) and the Noteholders could be required to re-litigate in the courts of Sweden.

Notes where denominations involve integral multiples: definitive Notes

In relation to any issue of 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 in excess of the minimum Specified Denomination 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 Note in respect of such holding (should definitive Notes be printed) 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 Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks relating to the market

The regulation and reform of “benchmarks” may adversely affect the value of Notes linked to such “benchmarks”

LIBOR, EURIBOR, STIBOR, HKD-HIBOR, AUD-BBR-BBSW, CDOR and other rates and indices which are deemed to be "benchmarks", are the subject of recent national, international and other 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 referencing such a "benchmark".

Regulation (EU) 2016/1011 (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 (which, for these purposes, includes the United Kingdom). Among other things, it (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 (such as the Issuer) of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on 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. 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 international or national 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.

It is not possible to predict with certainty whether, and to what extent, LIBOR, EURIBOR, STIBOR, HKD-HIBOR, AUD-BBR-BBSW and/or CDOR will continue to be supported going forwards. This may cause such "benchmarks" to perform differently than they have done in the past, and may have other consequences which cannot be predicted. The reform of EURIBOR to adopt a hybrid methodology and to provide a fallback by reference to a euro risk-free rate (based on a euro overnight risk-free rate as adjusted by a methodology to create a term rate); or the elimination of LIBOR or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the conditions of the Notes or result in other consequences in respect of any Notes referencing such benchmarks.

Such factors may have (without limitation) the following effects on certain “benchmarks”: (i) discouraging market participants from continuing to administer or contribute to such “benchmark”; (ii) triggering changes in the rules or methodologies used in the “benchmark” and/or (iii) leading to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international, national or other proposals for reform 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".

The Terms and Conditions of the Notes other than VPS Notes and the Terms and Conditions of the VPS Notes provide for certain fallback arrangements in the event that a published benchmark, including an inter-bank offered rate such as LIBOR, EURIBOR, STIBOR, HKD-HIBOR, AUD-BBR-BBSW, CDOR or other relevant reference rates, ceases to be published or a Benchmark Event (as described in the Terms and Conditions of the Notes other than the VPS Notes and the Terms and Conditions of the VPS Notes) otherwise occurs. No consent of the Noteholders, Couponholders or VPS Noteholders, as applicable, shall be required in connection with effecting any relevant Successor Rate or Alternative Rate (as applicable) or any other related adjustments and/or amendments. Any such adjustment or amendment could have unexpected commercial consequences and there can be no assurance that, due to the particular circumstances of each Noteholder, Couponholder or VPS Noteholder, as applicable, any such adjustment will be favourable to each Noteholder, Couponholder or VPS Noteholder, as applicable.

If, following the occurrence of a Benchmark Event, no Successor Rate or Alternative Rate or, in either case, the applicable Adjustment Spread is determined, the ultimate fallback for the purposes of calculation of the Rate of Interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. Due to the uncertainty concerning the availability of Successor Rates and Alternative Rates, the involvement of an Independent Adviser and the potential for further regulatory developments, there is a risk that 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 could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation or any of the international or national reforms, and the possible application of the benchmarks replacement provisions in the Terms and Conditions of the Notes other than VPS Notes and the Terms and Conditions of the VPS Notes, in making any investment decision with respect to any Notes linked to or referencing a benchmark.

Disruptions in the global credit markets and economy

Financial markets are subject to periods of volatility which may impact the Issuer's ability to raise debt in a similar manner, and at a similar cost, to the funding raised in the past. These conditions and changes in investment markets, including changes in interest rates, exchange rates and returns from equity, property and other investments, may affect the financial performance of the Issuer. In addition, the financial performance of the Issuer could be adversely affected by a worsening of general economic conditions in the markets in which it operates.

The secondary market generally

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.

Exchange rate risks and exchange controls

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 (1) the

Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) 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.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to 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 or withdrawn by the rating agency at any time.

In general, European (including the United Kingdom) regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU or the United Kingdom and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances. Such general restriction will also apply in the case of credit ratings issued by non-EU and non-UK credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered or UK-registered credit rating agency or the relevant non- EU and non-UK 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, subject to transitional provisions that apply in certain circumstances). If the status of the rating agency rating the Notes changes, European (including the United Kingdom) regulated investors may no longer be able to use the rating for regulatory purposes and the Notes may have a different regulatory treatment. This may result in European (including the United Kingdom) regulated investors selling the Notes which may impact the value of the Notes and any secondary market.

Documents Incorporated by Reference

The following documents which have previously been published shall be incorporated by reference, and form part of, this Base Prospectus:

- (a) the auditors report and audited non-consolidated annual financial statements of the Issuer for the financial year ended 31 December 2019 (including the information set out at the following pages of the Issuer's 2019 Annual Report in particular) available on the website of the Issuer (<https://mb.cision.com/Main/152/3068408/1217691.pdf>):

Balance Sheet.....	Page 23 of the 2019 Annual Report
Income Statement	Page 22 of the 2019 Annual Report
Statement of Comprehensive Income.....	Page 22 of the 2019 Annual Report
Cash-Flow Statement.....	Page 24 of the 2019 Annual Report
Statement of changes in Shareholders' Equity	Page 25 of the 2019 Annual Report
Accounting Principles and Notes	Pages 26 to 55 of the 2019 Annual Report
Audit Report	Pages 57 to 59 of the 2019 Annual Report

- (b) the auditors report and audited non-consolidated annual financial statements of the Issuer for the financial year ended 31 December 2018 (including the information set out at the following pages of the Issuer's 2018 Annual Report in particular) available on the website of the Issuer (<https://mb.cision.com/Main/152/2788427/1025476.pdf>):

Balance Sheet.....	Page 21 of the 2018 Annual Report
Income Statement	Page 20 of the 2018 Annual Report
Statement of Comprehensive Income.....	Page 20 of the 2018 Annual Report
Cash-Flow Statement.....	Page 22 of the 2018 Annual Report
Statement of changes in Shareholders' Equity	Page 23 of the 2018 Annual Report
Accounting Principles and Notes	Pages 24 to 53 of the 2018 Annual Report
Audit Report	Pages 55 to 57 of the 2018 Annual Report

- (c) the English translation of the unaudited interim non-consolidated financial statements of the Issuer for the three consecutive months ended 31 March 2020 (including the information set out at the following pages of the Issuer's Interim Report, January — March 2020 in particular) available on the website of the Issuer (<https://mb.cision.com/Main/152/3099087/1237890.pdf>):

Balance Sheet.....	Page 8 of the Interim Report, January — March 2020
Income Statement.....	Page 7 of the Interim Report, January — March 2020
Accounting Principles and Notes	Pages 11 to 18 of the Interim Report, January — March 2020
Statement of Comprehensive Income.....	Page 7 of the Interim Report, January — March 2020
Cash-Flow Statement.....	Page 9 of the Interim Report, January — March 2020
Statement of changes in Shareholders' Equity	Page 10 of the Interim Report, January — March 2020

- (d) the Terms and Conditions of the Notes other than VPS Notes and the Terms and Conditions of the VPS Notes contained in previous Base Prospectuses dated 4 June 2018 (pages 51 to 87 (inclusive), available at <https://www.lansforsakringar.se/globalassets/aa-global/dokument/ovrigt/aa-om-oss/lf-hypotek/prospekt/emtn-base-prospectus-4-june-2019.pdf>), 21 June 2017 (pages 50 to 86 (inclusive), available at <https://www.lansforsakringar.se/globalassets/aa-global/dokument/ovrigt/aa-om-oss/lf-hypotek/prospekt/emtn-base-prospectus-21-june-2017.pdf>), 28 June 2016 (pages 48 to 82 (inclusive), available at <https://www.lansforsakringar.se/globalassets/aa-global/dokument/ovrigt/aa-om-oss/lf-hypotek/prospekt/emtn-base-prospectus-28-june-2016.pdf>), 12 June 2015 (pages 43 to 75 (inclusive), available at <https://www.lansforsakringar.se/globalassets/aa-global/dokument/ovrigt/aa-om-oss/lf-hypotek/prospekt/emtn-base-prospectus-12-june-2015.pdf>).

[hypotek/prospekt/emtn-base-prospectus-12-june-2015.pdf](https://www.lansforsakringar.se/globalassets/aa-global/dokument/ovrigt/aa-om-oss/lf-hypotek/prospekt/emtn-base-prospectus-12-june-2015.pdf)), 2 June 2014 (pages 39 to 71 (inclusive), available at <https://www.lansforsakringar.se/globalassets/aa-global/dokument/ovrigt/aa-om-oss/lf-hypotek/prospekt/emtn-base-prospectus-2-june-2014.pdf>), 31 May 2013 (pages 39 to 69 (inclusive), available at <https://www.lansforsakringar.se/globalassets/aa-global/dokument/ovrigt/aa-om-oss/lf-hypotek/prospekt/emtn-base-prospectus-31-may-2013.pdf>) and 31 May 2012 (pages 36 to 70 (inclusive), available at <https://www.lansforsakringar.se/globalassets/aa-global/dokument/ovrigt/aa-om-oss/lf-hypotek/prospekt/emtn-base-prospectus-31-may-2012.pdf>) prepared by the Issuer in connection with the Programme.

The Issuer only produces non-consolidated financial statements.

The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of the Delegated Regulation. Any non-incorporated parts of the previous Base Prospectuses listed in paragraph (d) above (which, for the avoidance of doubt, means any pages not listed in paragraph (d) above) are either deemed not relevant for an investor or are otherwise contained elsewhere in the Base Prospectus.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 23 of the Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of 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 may affect 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.

Form of the Notes

Any reference in this section to “Applicable Final Terms” shall be deemed to include a reference to “Applicable Pricing Supplement” where relevant.

The Notes of each Series will be in either bearer form, with or without interest coupons and/or talons attached or, in the case of VPS Notes, uncertificated book entry form.

BEARER NOTES

Each Tranche of Notes other than VPS Notes will be in bearer form and will be initially issued in the form of a temporary global note (a **Temporary Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Global Note**) which, in either case, will:

- (i) if the Global Notes are intended to be issued in new global note (**NGN**) form, as stated in the applicable Final Terms, 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 S.A. (**Clearstream, Luxembourg**); and
- (ii) 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.

Whilst any Note is represented by a Temporary 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 Global Note if the Temporary 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 such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury 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 Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for (a) interests in a Permanent Global Note of the same Series or (b) definitive Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary 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 Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

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

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, interest coupons and talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that 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. The Issuer will promptly give notice to Noteholders in accordance with Condition 12 of the Terms and Conditions of the Notes other than VPS Notes if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in

such Permanent Global Note) may give notice to the 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 Agent.

The following legend will appear on all Notes (other than Temporary Global Notes) and on all interest coupons relating to such Notes where TEFRA D is specified in the applicable Final Terms (or Pricing Supplement, as the case may be):

“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.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on 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 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.

Pursuant to the Agency Agreement (as defined under “Terms and Conditions of the Notes other than VPS Notes”), the 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 under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein 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.

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 from 8.00 p.m. (London time) on such day 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 14 June 2019 and executed by the Issuer.

VPS NOTES

Each Tranche of VPS Notes will be issued in uncertificated and dematerialised book entry form. Legal title to the VPS Notes will be evidenced by book entries in the records of the VPS. On the issue of such VPS Notes, the Issuer will send a letter to the VPS Trustee, with copies sent to the Agent and the VPS Agent (the **VPS Letter**), which letter will set out the terms of the relevant issue of VPS Notes in the form of a Final Terms supplement attached thereto. On delivery of a copy of such VPS Letter including the relevant Final Terms to the VPS and notification to the VPS of the subscribers and their VPS account details by the relevant Dealer, the account operator acting on behalf of the Issuer will credit each subscribing account holder with the VPS with a nominal amount of VPS Notes equal to the nominal amount thereof for which it has subscribed and paid.

Settlement of sale and purchase transactions in respect of VPS Notes in the VPS will take place two Oslo business days after the date of the relevant transaction. Transfers of interests in the relevant VPS Notes will only take place in accordance with the rules and procedures for the time being of the VPS.

VPS Notes may not be exchanged for bearer Notes and *vice versa*.

Applicable Final Terms

[MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES (ECPs) 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 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. 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.]

[PROHIBITION OF SALES TO EEA AND 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 European Economic Area (**EEA**) or 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 (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 or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRiIPs Regulation.]¹

[NOTIFICATION UNDER SECTION 309B(1)(c) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE (the SFA) - [Insert notice if classification of the Notes is not “prescribed capital markets products”, pursuant to Section 309B of the SFA or Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products)].²

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme other than Exempt Notes issued under the Programme.

[Date]

LÄNSFÖRSÄKRINGAR HYPOTEK AB (PUBL)

Legal entity identifier (LEI): 5493001P7BX1N0JAG961

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under the €6,000,000,000**

Euro Medium Term Covered Note Programme

PART A — CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the [Terms and Conditions of the Notes other than VPS Notes] [Terms and Conditions of the VPS Notes] set forth in the Base Prospectus dated 24 June 2020 [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**). This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus in

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 or the issuer wishes to prohibit offers to EEA and UK retail investors for any other reason, in which case the selling restriction should be specified to be “Applicable”.

² Relevant Manager(s)/Dealer(s) to consider whether it / they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA.

order to obtain all the relevant information The Base Prospectus has been published on the website of the Luxembourg Stock Exchange, www.bourse.lu.]

(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 [Terms and Conditions of the Notes other than VPS Notes] [Terms and Conditions of the VPS Notes] (the **Conditions**) set forth in the Base Prospectus dated [4 June 2018/21 June 2017/28 June 2016/12 June 2015/2 June 2014/31 May 2013/31 May 2012]. This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus dated 24 June 2020 [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 has been published on the website of the Luxembourg Stock Exchange, www.bourse.lu.]

(Include whichever of the following apply or specify as "Not Applicable". 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. (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 form a single Series with [] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [] below, which is expected to occur on or about []][Not Applicable]
2. Specified Currency or Currencies: []
3. Aggregate Nominal Amount:
 - (a) Series: []
 - (b) Tranche: []
4. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
5. (a) Specified Denominations: []
(Note — where 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. Note: There must be a common factor in the case of two or more Specified Denominations.)

6. (a) Issue Date: []
(b) Interest Commencement Date: [specify/Issue Date/Not Applicable]
(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)
7. Maturity Date: [Fixed rate — specify date/
Floating rate — Interest Payment Date falling in or nearest to [specify month]]
8. Extended Final Maturity: [Applicable. If the Final Redemption Amount is not paid in full on the Maturity Date, payment of the unpaid amount will be automatically deferred until the Extended Final Maturity Date, provided that any amount representing the Final Redemption Amount due and remaining unpaid on the Maturity Date may be paid by the Issuer on any Interest Payment Date occurring thereafter up to (and including) the relevant Extended Final Maturity Date. (See paragraph 18 below).][Not Applicable]
9. Extended Final Maturity Date: [Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month and year]][Not Applicable]
(N.B. the Extended Final Maturity Date must fall one year after the Maturity Date)
10. Interest Basis: [In respect of the period from (and including) the Interest Commencement Date to (but excluding) the Maturity Date:]
[[] per cent. Fixed Rate]
[[] month [LIBOR/EURIBOR/STIBOR/HKD-HIBOR/AUD-BBR-BBSW/CDOR] +/- [] per cent. Floating Rate]
[Zero Coupon]
(see paragraph [15] [16] [17] below)

[In respect of the period from (and including) the Maturity Date to (but excluding) the earlier of (i) the Interest Payment Date on which the Notes are redeemed in full and (ii) the Extended Final Maturity Date (if applicable):
[[] per cent. Fixed Rate]
[[] month [LIBOR/EURIBOR/STIBOR/HKD-HIBOR/AUD-BBR-BBSW/CDOR] +/- [] per cent. Floating Rate]
(see paragraph [18] below)]
11. Redemption 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
(N.B. In the case of Notes other than Zero Coupon Notes redemption must be at 100 per cent. of their

- nominal amount.)*
12. Change of Interest Basis: [Specify the date when any fixed to floating rate change occurs or cross reference to paragraphs 15 and 16 below and identify there][Not Applicable]
13. Call Options: [Not Applicable]
[Issuer Call]
(see paragraph 19 below)
14. Date [Board] approval for issuance of Notes obtained: [] [Not Applicable]
(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Note Provisions: [Applicable [from (and including) the Interest Commencement Date to (but excluding) the Maturity Date]/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): [] in each year up to and including the Maturity Date
(N.B. Amend appropriately in the case of irregular coupons)
- (c) Fixed Coupon Amount(s): [] per Calculation Amount
(Applicable to Notes in definitive form.)
- (d) Broken Amount(s): [[] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []] [Not Applicable]
(Applicable to Notes in definitive form.)
- (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (f) Determination Date(s): [[] in each year] [Not Applicable]
(Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon
N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA))
16. Floating Rate Note Provisions: [Applicable [from (and including) the Interest Commencement Date to (but excluding) the Maturity Date]/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Specified Period(s)/Specified Interest Payment Dates: [] [, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]

- [Not Applicable]
- (c) Additional Business Centre(s): []
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (e) Name and address of the party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [] [Not Applicable]
- (f) Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate: [] month [LIBOR/EURIBOR/STIBOR/HKD-HIBOR/AUD-BBR-BBSW/CDOR]
 - Interest Determination Date(s): []
(*Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR, the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR, second Stockholm business day prior to the start of each Interest Period if STIBOR, first day of each Interest Period if HKD-HIBOR, first day of each Interest Period if AUD-BBR-BBSW and first day of each Interest Period if CDOR*)
 - Relevant Screen Page: []
(*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)
- (g) ISDA Determination: [Applicable/Not Applicable]
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
- (h) 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*)]
- (i) Margin(s): [+/-] [] per cent. per annum
- (j) Minimum Rate of Interest: [] per cent. per annum
- (k) Maximum Rate of Interest: [] per cent. per annum
- (l) 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)]
(*See Condition 4 of the Terms and Conditions of*

the Notes other than VPS Notes or Condition 3 of the Terms and Conditions of the VPS Notes, as applicable, for alternatives)

17. Zero Coupon Note Provisions³: [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: [30/360]
 [Actual/360]
 [Actual/365]
(Consider applicable day count fraction if not U.S. dollar denominated)
18. Extended Final Maturity Interest Provisions: [Applicable from (and including) the Maturity Date to (but excluding) the earlier of (i) the Interest Payment Date on which the Notes are redeemed in full and (ii) the Extended Final Maturity Date][Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Fixed Rate Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Rate(s) of Interest: [] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [Specify date(s)]
- (iii) Fixed Coupon Amount(s): [] per Calculation Amount
(Applicable to Notes in definitive form)
- (iv) Broken Amount(s): [[] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []][Not Applicable]
(Applicable to Notes in definitive form)
- (v) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (vi) Determination Date(s): [[] in each year] [Not Applicable]
N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)
- (b) Floating Rate Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Specified Period(s)/Specified Interest Payment Dates: [] [, subject to adjustment in accordance with the Business Day Convention set out in (ii) below /, not subject to adjustment, as the Business Day Convention in (ii) below is specified to be Not

³ Zero Coupon Notes not to be issued with an Extended Final Maturity Date unless otherwise agreed with the Dealers.

- Applicable]
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]
- (iii) Additional Business Centre(s): []
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (v) Name and address of the party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [] [Not Applicable]
- (vi) Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate: [] month [LIBOR/EURIBOR/STIBOR/HKD-HIBOR/AUD-BBR-BBSW/CDOR]
 - Specified Time: []
(10.00 a.m. (Toronto time, in the case of a determination of CDOR), 10.00 a.m. (Sydney time, in the case of a determination of AUD-BBR-BBSW), 11.00 a.m. (London time, in the case of a determination of LIBOR, Brussels time, in the case of a determination of EURIBOR, Stockholm time, in the case of a determination of STIBOR, or Hong Kong time in the case of a determination of HKD-HIBOR)
 - Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR, the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR, second Stockholm business day prior to the start of each Interest Period if STIBOR, first day of each Interest Period if HKD-HIBOR, first day of each Interest Period if AUD-BBR-BBSW and first day of each Interest Period if CDOR)
 - Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)

- (vii) ISDA Determination: [Applicable/Not Applicable]
 - Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
- (viii) Margin(s): [+/-] [] per cent. per annum
- (ix) Minimum Rate of Interest: [] per cent. per annum
- (x) Maximum Rate of Interest: [] per cent. per annum
- (xi) 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)]

PROVISIONS RELATING TO REDEMPTION

- 19. 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) If redeemable in part: [Applicable]/[Not Applicable]
(N.B. If VPS Notes, must be "Not Applicable")
 - (i) Minimum Redemption Amount: [] [Not Applicable]
 - (ii) Maximum Redemption Amount: [] [Not Applicable]
 - (d) Notice period (if other than as set out in the Conditions): []
(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)
- 20. Final Redemption Amount: [] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

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

[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]

[Permanent Global Note exchangeable for Definitive Notes only upon an Exchange Event]

[VPS Notes issued in uncertificated book entry form]

[Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian law of 14 December 2005]

(b) New Global Note: [Yes/No]

(If VPS Notes, must be "No")

22. Additional Financial Centre(s): [] [Not Applicable]

(Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraph 16(c) relates)

23. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [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]

THIRD PARTY INFORMATION

[[Relevant third party information in relation to the Notes] has been extracted from [specify source]. 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.]

Signed on behalf of Länsförsäkringar Hypotek AB (publ):

By:
Duly authorised

PART B — OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange with effect from [].]
[Not Applicable.]
- (ii) [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 legal names of relevant CRA(s)].]

[[Insert the legal name of the relevant CRA entity] is established in the [European Union/United Kingdom] and is registered under Regulation (EC) No. 1060/2009 (as amended). [As such [insert the legal name of the relevant CRA entity] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]

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

(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)

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

[Save for the fees [of [insert relevant fee disclosure]] 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. — Amend as appropriate if there are other interests]

4. YIELD (Fixed Rate Notes only)

Indication of yield: [] [Not Applicable]

5. REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

- (i) Reasons for the offer: [See "Use of Proceeds" in the Base Prospectus/Give details]
- (ii) Estimated net proceeds []

6. OPERATIONAL INFORMATION

- (i) ISIN: []

- (ii) Common Code: []
- (iii) CFI: [[*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/Not Available]
- (iv) FISN: [[*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/Not Available]
- (v) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
[The Issuer shall be entitled to obtain information from the register maintained by the VPS for the purposes of performing its obligations under the VPS Notes]
- (vi) Delivery: Delivery [against/free of] payment
- (vii) Names and addresses of additional Paying Agent(s) (if any): []
- (viii) 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 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 ECB 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. 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 ECB being satisfied that Eurosystem eligibility criteria have been met.]

(If VPS Notes, must be "No")
- (ix) U.S. Selling Restrictions: [Reg. S Compliance Category [1/2/3]; TEFRA D/TEFRA C/TEFRA not applicable]]
- (x) Prohibition of Sales to EEA and 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, “Not Applicable” should be specified. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified.)

- (xi) Prohibition of Sales to Belgian Consumers:

[Applicable/Not Applicable]

(N.B. advice should be taken from Belgian counsel before disapplying this selling restriction)

Applicable Pricing Supplement

[MiFID II PRODUCT GOVERNANCE / [PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES (ECPs) 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 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. 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.]/[appropriate target market legend to be included.]**

[PROHIBITION OF SALES TO EEA AND 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 European Economic Area (EEA) or in the United Kingdom (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 (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 or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRiIPs Regulation.]⁴**

[NOTIFICATION UNDER SECTION 309B(1)(c) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE (the SFA) - [Insert notice if classification of the Notes is not “prescribed capital markets products”, pursuant to Section 309B of the SFA or Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products)].⁵

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

THE CSSF HAS NEITHER APPROVED NOR REVIEWED THIS PRICING SUPPLEMENT.

[Date]

LÄNSFÖRSÄKRINGAR HYPOTEK AB (PUBL)

Legal entity identifier (LEI): 5493001P7BX1N0JAG961

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

under the €6,000,000,000

Euro Medium Term Covered 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 each case, in relation to such offer.

⁴ 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 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”.

⁵ Relevant Manager(s)/Dealer(s) to consider whether it / they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA.

This document constitutes the Pricing Supplement for the Notes described herein. This document must be read in conjunction with the Base Prospectus dated 24 June 2020 [as supplemented by the supplements] dated [date[s]] (the **Base Prospectus**). 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. Copies of the Base Prospectus may be obtained from [address].

Terms used herein shall be deemed to be defined as such for the purposes of the [Terms and Conditions of the Notes other than VPS Notes] [Terms and Conditions of the VPS Notes] (the **Conditions**) set forth in the Base Prospectus.

(Include whichever of the following apply or specify as "Not Applicable". 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 [must/may need to] be £100,000 or its equivalent in any other currency.)

1. Issuer: Länsförsäkringar Hypotek AB (publ)
2. (i) Series Number: []
(ii) Tranche Number: []
(iii) Date on which the Notes will be consolidated and form a single Series: The Notes will be consolidated and form a single Series with [identify earlier Tranches] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 22 below, which is expected to occur on or about [date]] [Not Applicable]
3. Specified Currency or Currencies: []
4. Aggregate Nominal Amount:
(i) Series: []
(ii) Tranche: []
5. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
6. (i) Specified Denominations: []
(ii) Calculation Amount: []
(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)
7. (i) Issue Date: []
(ii) Interest Commencement Date: [specify/Issue Date/Not Applicable]
(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)
8. Maturity Date: [Fixed rate - specify date/ Floating rate - Interest Payment Date falling in or nearest to [specify month]]

9. Extended Final Maturity: [Applicable. If the Final Redemption Amount is not paid in full on the Maturity Date, payment of the unpaid amount will be automatically deferred until the Extended Final Maturity Date, provided that any amount representing the Final Redemption Amount due and remaining unpaid on the Maturity Date may be paid by the Issuer on any Interest Payment Date occurring thereafter up to (and including) the relevant Extended Final Maturity Date. (See paragraph 19 below).][Not Applicable]
10. Extended Final Maturity Date: [*Fixed rate – specify date/Floating rate – Interest Payment Date falling in or nearest to [specify month and year]*][Not Applicable]
- (N.B. the Extended Final Maturity Date must fall one year after the Maturity Date)
11. Interest Basis: [In respect of the period from (and including) the Interest Commencement Date to (but excluding) the Maturity Date:]
[[] per cent. Fixed Rate]
[[specify Reference Rate] +/- [] per cent. Floating Rate]
[Zero Coupon]
[specify other]
(further particulars specified below)
- [In respect of the period from (and including) the Maturity Date to (but excluding) the Extended Final Maturity Date (if applicable):
[[] per cent. Fixed Rate]
[[specify Reference Rate] +/- [] per cent. Floating Rate]
[specify other]
(further particulars specified below)]
12. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [] per cent. of their nominal amount
13. Change of Interest Basis or Redemption Basis: [*Specify details of any provision for change of Notes into another Interest Basis or Redemption Basis*][Not Applicable]
14. Call Options: [Not Applicable]
[Issuer Call]
[(further particulars specified below)]
15. Date [Board] approval of Notes obtained: [] [Not Applicable]
(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. Fixed Rate Note Provisions [Applicable [from (and including) the Interest Commencement Date to (but excluding) the Maturity Date]/Not Applicable]

- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate(s) of Interest: [] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [] in each year up to and including the Maturity Date
(N.B. Amend appropriately in the case of irregular coupons)
- (iii) Fixed Coupon Amount(s): [] per Calculation Amount
(Applicable to Notes in definitive form.)
- (iv) Broken Amount(s): [[] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []][Not Applicable]
(Applicable to Notes in definitive form.)
- (v) Day Count Fraction: [30/360/Actual/Actual (ICMA)/specify other]
- (vi) 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)
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes which are Exempt Notes: [None/Give details]
- 17. Floating Rate Note Provisions** [Applicable [from (and including) the Interest Commencement Date to (but excluding) the Maturity Date]/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Specified Period(s)/Specified Interest Payment Dates: [], subject to adjustment in accordance with the Business Day Convention set out in (ii) below/, not subject to adjustment, as the Business Day Convention in (ii) below is specified to be Not Applicable]
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/[specify other]]
- (iii) Additional Business Centre(s): []
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/specify other]
- (v) Name and address of the party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): []
- (vi) Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate: Reference Rate: [] month

- [LIBOR/EURIBOR/STIBOR/HKD-HIBOR/AUD-BBR-BBSW/CDOR/specify other Reference Rate]. (Either LIBOR, EURIBOR, STIBOR, HKD-HIBOR, AUD-BBR-BBSW, CDOR or other, although additional information is required if other - including fallback provisions in the Agency Agreement)
- Specified Time: []
(10.00 a.m. (Toronto time, in the case of a determination of CDOR), 10.00 a.m. (Sydney time, in the case of a determination of AUD-BBR-BBSW), 11.00 a.m. (London time, in the case of a determination of LIBOR, Brussels time, in the case of a determination of EURIBOR, Stockholm time, in the case of a determination of STIBOR, or Hong Kong time in the case of a determination of HKD-HIBOR)
 - Interest Determination Date(s): []
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR, the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR, second Stockholm business day prior to the start of each Interest Period if STIBOR, first day of each Interest Period if HKD-HIBOR, first day of each Interest Period if AUD-BBR-BBSW and first day of each Interest Period if CDOR)
 - Relevant Screen Page: []
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (vii) ISDA Determination: [Applicable/Not Applicable]
- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)
- (viii) 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)]
- (ix) Margin(s): [+/-] [] per cent. per annum
- (x) Minimum Rate of Interest: [] per cent. per annum
- (xi) Maximum Rate of Interest: [] per cent. per annum
- (xii) 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)
 Other]
 (See Condition 4 of the Terms and Conditions of the Notes other than VPS Notes or Condition 3 of the Terms and Conditions of the VPS Notes, as applicable, for alternatives)
- (xiii) Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes which are Exempt Notes, if different from those set out in the Conditions []
- 18. Zero Coupon Note Provisions⁶** [Applicable/Not Applicable]
 (If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Accrual Yield: [] per cent. per annum
- (ii) Reference Price: []
- (iii) Any other formula/basis of determining amount payable for Zero Coupon Notes which are Exempt Notes: []
- (iv) Day Count Fraction: [30/360]
 [Actual/360]
 [Actual/365]
 [specify other]
- (Consider applicable day count fraction if not U.S. dollar denominated)
- 19. Extended Final Maturity Interest Provisions:** [Applicable from (and including) the Maturity Date to (but excluding) the earlier of (i) the Interest Payment Date on which the Notes are redeemed in full and (ii) the Extended Final Maturity Date][Not Applicable]
 (If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Fixed Rate Note Provisions: [Applicable/Not Applicable]
 (If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Rate(s) of Interest: [] per cent. per annum payable in arrear on each Interest Payment Date
- (ii) Interest Payment Date(s): [Specify date(s)]
- (iii) Fixed Coupon Amount(s): [] per Calculation Amount
 (Applicable to Notes in definitive form)

⁶ Zero Coupon Notes not to be issued with an Extended Final Maturity Date unless otherwise agreed with the Dealers.

- (iv) Broken Amount(s): *(Applicable to Notes in definitive form)* [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [][Not Applicable]
- (v) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (vi) Determination Date(s): [] in each year] [Not Applicable]
- N.B. Only relevant where Day Count Fraction is Actual/Actual (ICMA)*
- (b) Floating Rate Note Provisions: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Specified Period(s)/Specified Interest Payment Dates: [] [, subject to adjustment in accordance with the Business Day Convention set out in (ii) below /, not subject to adjustment, as the Business Day Convention in (ii) below is specified to be Not Applicable]
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [Not Applicable]
- (iii) Additional Business Centre(s): []
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (v) Name and address of the party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [][Not Applicable]
- (vi) Screen Rate Determination:
- Reference Rate: [] month [LIBOR/EURIBOR/STIBOR/HKD-HIBOR/AUD-BBR-BBSW/CDOR/specify other Reference Rate]

(Either LIBOR, EURIBOR, STIBOR, HKD-HIBOR, AUD-BBR-BBSW, CDOR or other, although additional information is required if other - including fallback provisions in the Agency Agreement)
 - Interest Determination Date(s): [
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR, the second day on which the TARGET2 System is open prior to the start of

each Interest Period if EURIBOR or euro LIBOR, second Stockholm business day prior to the start of each Interest Period if STIBOR, first day of each Interest Period if HKD-HIBOR, first day of each Interest Period if AUD-BBR-BBSW and first day of each Interest Period if CDOR)

- Relevant Screen []
Page: []
(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)
- (vii) ISDA Determination: [Applicable/Not Applicable]
 - Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []*(In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)*
- (viii) Margin(s): [+/-] [] per cent. per annum
- (ix) Minimum Rate of Interest: [] per cent. per annum
- (x) Maximum Rate of Interest: [] per cent. per annum
- (xi) 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)]

PROVISIONS RELATING TO REDEMPTION

20. Issuer Call: [Applicable/Not Applicable]
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Optional Redemption Date(s): []
 - (ii) Optional Redemption Amount and method, if any, of calculation of such amount(s): [[] per Calculation Amount/specify other/see Appendix]
 - (iii) If redeemable in part: [Applicable/Not Applicable]
(N.B. If VPS Notes, must be "Not Applicable")
 - (i) Minimum Redemption Amount: []
 - (ii) Maximum Redemption Amount: []
 - (iv) Notice periods (if other than as []

set out in the Conditions):

(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)

21. Final Redemption Amount: [[] per Calculation Amount/specify other/see Appendix]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

22. Form of Notes:

(i) Form:

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event]

[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]

[Permanent Global Note exchangeable for Definitive Notes only upon an Exchange Event]

[VPS Notes issued in uncertificated book entry form]

[Notes shall not be physically delivered in Belgium, except to a clearing system, a depository or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian law of 14 December 2005]

(ii) New Global Note:

[Yes] [No]

(If VPS Note, must be "No")

23. 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 17(iii) relates)

24. Talons for future Coupons to be attached to Definitive 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]

25. Other final terms:

[Not Applicable/give details]

RESPONSIBILITY

The Issuer accept[s] responsibility for the information contained in this Pricing Supplement. *[[Relevant third party information in relation to the Notes] has been extracted from [specify source]. 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 [specify source], no facts have been omitted which would render the reproduced information inaccurate or misleading.*

Signed on behalf of Länsförsäkringar Hypotek AB (publ):

By:

Duly authorised

PART B — OTHER INFORMATION

1. **LISTING AND ADMISSION TO TRADING** [Application [has been made/is expected to be made] by the Issuer (or on its behalf) for the Notes to be listed on *[specify market - note this should not be a regulated market]* with effect from [].] [Not Applicable]

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]*.
(The above disclosure is only required if the ratings of the Notes are different to those stated in the Base Prospectus)

3. **INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**
 [Save for the fees [of *[insert relevant fee disclosure]*] 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 - *Amend as appropriate if there are other interests]*

4. **OPERATIONAL INFORMATION**
 - (i) ISIN: []
 - (ii) Common Code: []
 - (iii) 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/Not Available]
 - (iv) 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/Not Available]
 - (v) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]
 [The Issuer shall be entitled to obtain information from the register maintained by the VPS for the purposes of performing its obligations under the VPS Notes]
 - (vi) Delivery: Delivery [against/free of] payment
 - (vii) Names and addresses of additional Paying Agent(s) (if any): []
 - (viii) Intended to be held in a manner which would allow Eurosystem [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to

eligibility: be deposited with one of the ICSDs as common safekeeper 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 ECB 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. 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 ECB being satisfied that Eurosystem eligibility criteria have been met.]]

(If VPS Notes, must be "No")

5. DISTRIBUTION

- | | | |
|--------|--|--|
| (i) | Method of distribution: | [Syndicated/Non-syndicated] |
| (ii) | If syndicated, names of Managers: | [Not Applicable/give <i>names</i>] |
| (iii) | Stabilisation Manager(s) (if any): | [Not Applicable/give <i>name</i>] |
| (iv) | If non-syndicated, name of relevant Dealer: | [Not Applicable/give <i>name</i>] |
| (v) | U.S. Selling Restrictions: | Reg. S Compliance Category [1/2/3]; [TEFRA D/TEFRA C/TEFRA not applicable] |
| (vi) | Additional United States selling restrictions: | [Not Applicable/give <i>details</i>]

<i>(Additional selling restrictions are only likely to be relevant for certain structured Notes, such as commodity-linked Notes)</i> |
| (vii) | Prohibition of Sales to EEA and UK Retail Investors: | [Applicable/Not Applicable]

<i>(If the Notes clearly do not constitute "packaged" products or the Notes do constitute "packaged" products and a key information document will be prepared, "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> |
| (viii) | Prohibition of Sales to Belgian Consumers: | [Applicable/Not Applicable]

<i>(N.B. advice should be taken from Belgian counsel before disapplying this selling restriction)</i> |

Terms and Conditions of the Notes other than VPS Notes

The following are the Terms and Conditions of the Notes other than the VPS 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 applicable Pricing Supplement in relation to any Tranche of Exempt Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms or Pricing Supplement, as the case may be (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to “Applicable Final Terms” (or, in the case of a Tranche of Exempt Notes, to “Applicable Pricing Supplement”) for a description of the content of Final Terms (or Pricing Supplement, as applicable) which will specify which of such terms are to apply in relation to the relevant Notes.

The Notes are issued in accordance with the Swedish Act on the Issuance of Covered Bonds (lagen (2003:1223) om utgivning av säkerställda obligationer) (the **Covered Bond Act**).

This Note is one of a Series (as defined below) of Notes issued by Länsförsäkringar Hypotek AB (publ) (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; and
- (c) any definitive Notes issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 24 June 2020 and made between the Issuer, Citibank, N.A., London Branch as issuing and principal paying agent and agent bank (the **Agent**, which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes have interest coupons (**Coupons**) and, in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, 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. Global Notes do not have Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms (or Pricing Supplement, in the case of Exempt Notes) attached to or endorsed on this Note which complete these Terms and Conditions (the **Conditions**) and, in the case of a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation (an **Exempt Note**), 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 to the **applicable Final Terms** are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note. Any reference in the Conditions to **applicable Final Terms** shall be deemed to include a reference to **applicable Pricing Supplement** where relevant. The expression **Prospectus Regulation** means Regulation (EU) 2017/1129. For the purposes of the Conditions, references to the European Economic Area include the United Kingdom.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean the holders of the Notes and shall, in relation to any Notes represented by a Global Note, 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.

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant (such Deed of Covenant as modified and/or supplemented and/or restated from time to time, the **Deed of Covenant**) dated 14 June 2019 and made by the Issuer. The original of the Deed of Covenant is held by the common depository 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 Paying Agents. If the Notes are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange the applicable Final Terms will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu). If this Note is an Exempt Note, the applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer or, as the case may be, the relevant Paying 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 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 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, the applicable Final Terms will prevail.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denominations (the **Specified Denomination(s)**) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Definitive 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.

Subject as set out below, title to the Notes and Coupons will pass by delivery. The Issuer and the Paying Agents will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon 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 Paying 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 Global Note shall be treated by the Issuer and any Paying 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.

2. STATUS OF THE NOTES

2.1 Status of the Notes

The Notes constitute unsubordinated obligations of the Issuer and rank *pari passu* without any preference among themselves. The Notes are obligations issued in accordance with the Covered Bond Act and rank *pari passu* with all other obligations of the Issuer that have been provided the same priority as covered bonds (*Sw: säkerställda obligationer*) issued in accordance with the terms of the Covered Bond Act.

2.2 Overcollateralisation

For so long as the Notes are outstanding, the Issuer shall procure that the nominal value of the cover pool (*Sw: det nominella värdet av säkerhetsmassan*, as per section 3:8 of the Covered Bond Act) at all times exceeds the aggregate nominal value of claims which may be asserted against the Issuer on account of covered bonds (*Sw: det sammanlagda nominella värdet av de fordringar som kan göras gällande mot emittentinstitutet på grund av säkerställda obligationer*, as per section 3:8 of the Covered Bond Act) by 10 per cent., or such other percentage as may be selected by the Issuer from time to time and notified to the Agent and each relevant rating agency (the **Alternative Overcollateralisation Percentage**), provided that the Issuer shall not at any time select an Alternative Overcollateralisation Percentage unless:

- (A) the credit rating (if any) assigned to the Notes at such time by each rating agency which has assigned a credit rating to the Notes is Aaa (in the case of Notes rated by Moody's Investors Service España, S.A. or its successors) and/or AAA (in the case of Notes rated by S&P Global Ratings Europe Limited); and
- (B) each rating agency (if any) which has assigned a credit rating to the Notes at such time has confirmed in writing to the Issuer that, at the time of its confirmation, the selection of such Alternative Overcollateralisation Percentage would not in and of itself result in any credit rating then assigned to the Notes by such rating agency being reduced, removed, suspended or placed on creditwatch.

3. THIS CONDITION 3 HAS BEEN INTENTIONALLY LEFT BLANK

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 or, if the applicable Final Terms specifies that an Extended Final Maturity Date applies, the Extended Final Maturity Date or any earlier Interest Payment Date on which the Notes are redeemed in full, provided that any amounts representing interest payable after the Maturity Date shall be paid at such rate and on such dates as specified in the Final Terms.

If the Notes are in definitive form, except as provided in the applicable Final Terms, 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, 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, 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, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; 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. The resultant figure (including after application of any Fixed Coupon Amount or Broken Amount to the Calculation Amount in the case of Fixed Rate Notes in definitive form) shall be rounded 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:

- (a) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:
 - (i) 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 (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (A) 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
 - (B) 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 the number of Determination Dates that would occur in one calendar year; and
 - (iii) if "30/360" is specified in the applicable Final Terms, 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
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, 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 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 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 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 (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) 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 (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) 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 both:

- (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 London and each Additional Business Centre specified in the applicable Final Terms; and
- (b) either (i) 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 (ii) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) 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.

(i) **ISDA Determination for Floating Rate Notes**

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent under an interest rate swap transaction if the Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this subparagraph (i), **Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(ii) **Screen Rate Determination for Floating Rate Notes**

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, 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 (being either LIBOR, EURIBOR, STIBOR, HKD-HIBOR, AUD-BBR-BBSW or CDOR, as specified in the applicable Final Terms) which appears or appear,

as the case may be, on the Relevant Screen Page (or each replacement page on that service which displays the information) as at 10.00 a.m. (Toronto time, in the case of CDOR), 10.10 a.m. (Sydney time, in the case of AUD-BBR-BBSW), 11.00 a.m. (London time, in the case of LIBOR, Brussels time, in the case of EURIBOR, Stockholm time, in the case of STIBOR or Hong Kong time in the case of HKD-HIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the 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 the 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 (A) above, no offered quotation appears or, in the case of (B) above, fewer than three offered quotations appear, in each case as at the Specified Time, the Agent shall request each of the Reference Banks to provide the Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two (or five, in the case of AUD-BBR-BBSW) or more of the Reference Banks provide the 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 the Agent.

If on any Interest Determination Date fewer than the specified number of the Reference Banks provides the Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be (1) (if the Reference Rate is either LIBOR, EURIBOR or STIBOR) the rate per annum which the 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) the Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified 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 the London inter-bank market (if the Reference Rate is LIBOR), the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the Stockholm inter-bank market (if the Reference Rate is STIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the 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 Specified 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 the Agent it is quoting to leading banks in the London interbank market (if the Reference Rate is LIBOR), the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the Stockholm inter-bank market (if the Reference Rate is STIBOR) plus or minus (as appropriate) the Margin (if any), (2) (if the Reference Rate is AUD-BBR-BBSW) the rate shall then be determined by the Agent having regard to the comparable indices then available, (3) (if the Reference Rate is CDOR) the arithmetic mean of the bid rates as communicated to (and at the request of) the Agent by Schedule 1 chartered banks in Toronto, for Canadian Dollar bankers acceptances for a period of the applicable Interest Period in an

amount representative for a single transaction in the relevant market at the relevant time accepted by those banks as of 10:00 a.m. Toronto time; and (4) in the case of HKD-HIBOR, the arithmetic mean of the quotations as communicated to (and at the request of) the Agent by major banks in Hong Kong, for loans in Hong Kong Dollars to leading European banks for a period of the applicable maturity as at approximately 11:00 a.m. Hong Kong time 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).

In the case of Exempt Notes, if the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than LIBOR, EURIBOR, STIBOR, HKD-HIBOR, AUD-BBR-BBSW or CDOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Pricing Supplement.

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

If the applicable Final Terms specifies 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 specifies 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 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 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:

- (A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (B) 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:

- (i) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, 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);
- (ii) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, 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;
- (iv) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, 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:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

“D₂” 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 D₁ is greater than 29, in which case D₂ will be 30;

- (vi) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, 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:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” 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 D₂ will be 30; and

- (vii) if “30E/360 (ISDA)” is specified in the applicable Final Terms, 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:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” 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 D₁ will be 30; and

“D₂” 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 D₂ will be 30.

(e) **Linear Interpolation**

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), 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 Agent in consultation with the Issuer shall determine such rate at such time and by reference to such sources as both determine 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 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 on which the relevant Floating Rate Notes are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 12 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 on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 12. 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.

(g) **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 this Condition 4.2 by the Agent shall (in the absence of wilful default, bad faith, manifest error or proven error) be binding on the Issuer, the Agent, the other Paying Agents 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 Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

4.3 Interest Rate and Payments from the Maturity Date if Extended Final Maturity applies

- (a) If Extended Final Maturity is specified as being applicable in the applicable Final Terms and the Issuer has failed to pay (in full) the Final Redemption Amount on the Maturity Date specified in the applicable Final Terms, each Note shall bear interest in accordance with this Condition 4.3 on its outstanding nominal amount from (and including) the Maturity Date to (but excluding) the earlier of the Interest Payment Date upon which the Notes are redeemed in full and the Extended Final Maturity Date, subject to Condition 4.5. In such circumstances, the Rate of Interest for each Interest Period falling after the Maturity Date, and the amount of interest payable on each Interest Payment Date in respect of such Interest Period, shall be determined by the Agent in accordance with the applicable Final Terms.
- (b) All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.3, whether by the Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Agent or the Calculation Agent (if applicable), as the case may be, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.
- (c) This Condition 4.3 shall only apply to a Series of Notes if the Issuer fails to redeem such Series of Notes (in full) at their Final Redemption Amount (as specified in the applicable Final Terms) on the Maturity Date and the maturity of such Notes is automatically extended to the Extended Final Maturity Date in accordance with Condition 6.1.

4.4 Benchmark Discontinuation

(a) **Independent Adviser**

If a Benchmark Event occurs in relation to an Original Reference Rate at any time when these Conditions provide for any remaining Rate of Interest (or any component part thereof) to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4.4(b)) and (in either case) the applicable Adjustment Spread (in accordance with Condition 4.4(c)) and any Benchmark Amendments (in accordance with Condition 4.4(d)). An Independent Adviser appointed pursuant to this Condition 4.4 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 Agent, the other Paying Agents, any other party specified in the applicable Final Terms as being responsible for calculating the Rate of Interest, the Noteholders or the Couponholders for any determination made by it pursuant to this Condition 4.4.

(b) **Successor Rate or Alternative Rate**

If the Independent Adviser acting in good faith and in a commercially reasonable manner determines that:

- (i) there is a Successor Rate, then such Successor Rate as adjusted by the applicable Adjustment Spread (as provided in Condition 4.4(c)) shall subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 4.4); or
- (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate as adjusted by the applicable Adjustment Spread (as provided in Condition 4.4(c)) shall subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 4.4).

(c) **Adjustment Spread**

If a Successor Rate or Alternative Rate is determined in accordance with Condition 4.4(b), the Independent Adviser, acting in good faith and in a commercially reasonable manner, shall determine an Adjustment Spread (which may be expressed as a specified quantum or a formula or methodology for determining the applicable Adjustment Spread (and, for the avoidance of doubt, an Adjustment Spread may be positive, negative or zero)), which Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a relevant component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

(d) **Benchmark Amendments**

If any Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread is determined in accordance with this Condition 4.4 and the Independent Adviser, acting in good faith and in a commercially reasonable manner determines (A) that amendments to these Conditions (including, without limitation, amendments to the definitions of Day Count Fraction, Business Day, or Relevant Screen Page) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread (such amendments, the **Benchmark Amendments**) and (B) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4.4(e), without any requirement for the consent or approval of Noteholders or Couponholders, vary these Conditions (as applicable) to give effect to such Benchmark Amendments with effect from the date specified in such notice.

(e) **Notices, etc.**

The Issuer will notify the Agent, any other party specified in the applicable Final Terms as being responsible for calculating the Rate of Interest, the other Paying Agents and, in accordance with Condition 12, the Noteholders and Couponholders promptly of any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 4.4. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any. The Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread and the Benchmark Amendments (if any) will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread and the Benchmark Amendments (if any)) be binding on the Issuer, the Agent, any other party

specified in the applicable Final Terms as being responsible for calculating the Rate of Interest, the other Paying Agents and the Noteholders and Couponholders.

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

Without prejudice to the obligations of the Issuer under the provisions of this Condition 4.4, the Original Reference Rate and the fallback provisions provided for in Condition 4.2(b)(ii) will continue to apply unless and until a Benchmark Event has occurred.

(g) **Fallbacks**

If, following the occurrence of a Benchmark Event and in relation to the determination of the Rate of Interest on the relevant Interest Determination Date, no Successor Rate or Alternative Rate (as applicable) and (in either case) the applicable Adjustment Spread is determined and notified to the Agent, any other party specified in the applicable Final Terms as being responsible for calculating the Rate of Interest and the other Paying Agents, in each case pursuant to this Condition 4.4, prior to such Interest Determination Date, the Original Reference Rate will continue to apply for the purposes of determining such Rate of Interest on such Interest Determination Date, with the effect that the fallback provisions provided for in Condition 4.2(b)(ii) will (if applicable) continue to apply to such determination. For the avoidance of doubt, this Condition 4.4(g) shall apply to the determination of the Rate of Interest on the relevant Interest Determination Date only, and the Rate of Interest applicable to any subsequent Interest Period(s) is subject to the subsequent operation of, and to adjustment as provided in, this Condition 4.4.

(h) **Definitions**

As used in this Condition 4.4:

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

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (ii) in the case of an Alternative Rate or (where (i) above does not apply) in the case of a Successor Rate, the Independent Adviser determines is acknowledged or recognised 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 the Successor Rate or the Alternative Rate (as the case may be); or
- (iii) (if the Independent Adviser determines that neither (i) nor (ii) above applies) the Independent Adviser determines to be appropriate, having regard to the objective, so far as is reasonably practicable in the circumstances, of reducing or eliminating any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be).

Alternative Rate means an alternative to the Original Reference Rate which the Independent Adviser determines in accordance with Condition 4.4(b) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component part thereof) for debt securities with a commensurate interest period and in the same Specified Currency as the Notes, or if the Independent Adviser determines that there is no such rate, such other rate as the Independent

Adviser determines in its sole discretion is most comparable to the Original Reference Rate.

Benchmark Amendments has the meaning given to it in Condition 4.4(d).

Benchmark Events means, with respect to an Original Reference Rate:

- (i) the Original Reference Rate ceasing to be published for at least five Business Days or ceasing to exist or be administered; or
- (ii) 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
- (iii) 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
- (iv) 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
- (v) 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
- (vi) it has or will prior to the next Interest Determination Date become unlawful for the Issuer, the Agent, any other party specified in the applicable Final Terms as being responsible for calculating the Rate of Interest or any other Paying Agent to calculate any payments due to be made to any Noteholder or Couponholder using the Original Reference Rate; or
- (vii) the making of a public statement by the supervisor of the administrator of such Original Reference Rate announcing that such Original Reference Rate is no longer representative or may no longer be used.

Independent Adviser means an independent financial institution of international repute or an independent financial adviser with appropriate expertise in the international debt capital markets appointed by the Issuer, at its own expense, under Condition 4.4(a).

Original Reference Rate means the originally-specified Reference Rate used to determine the relevant Rate of Interest (or any component part thereof) in respect of any Interest Period(s) (provided that if, following one or more Benchmark Events, such originally specified Reference Rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Rate, the term **Original Reference Rate** shall include any such Successor Rate or Alternative Rate).

Relevant Nominating Body means, in respect of a Reference Rate:

- (i) the central bank for the currency to which the Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (A) the central bank for the currency to which the Reference Rate relates, (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate, (C) a group of the aforementioned central banks or other supervisory authorities or (D) the Financial Stability Board or any part thereof.

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

4.5 **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 Agent and notice to that effect has been given to the Noteholders in accordance with Condition 12.

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 will be made in euro 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 any jurisdiction, 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 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law implementing an intergovernmental approach thereto.

5.2 **Presentation of definitive Notes and Coupons**

Payments of principal in respect of definitive Notes will (subject as provided below) 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 Notes, and payments of interest in respect of definitive 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 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 below) 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 form becoming due and repayable prior to its Maturity Date or, as the case may be, the Extended Final 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 or Long Maturity Note in definitive 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 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 Note.

As used herein, **Relevant Date** means the date on which a payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent 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 Noteholders in accordance with Condition 12.

5.3 *Payments in respect of Global Notes*

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive 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 made, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note either by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

5.4 *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 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 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.

5.5 **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 (if presentation is required);
 - (ii) each Additional Financial Centre specified in the applicable Final Terms; and
- (b) either (A) 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 (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

5.6 **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 Optional Redemption Amount(s) (if any) of the Notes;
- (c) the Early Redemption Amount of the Notes; and
- (d) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

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 (i) if the Notes are not Zero Coupon Notes, 100 per cent. of its nominal amount, or (ii) if the Notes are Zero Coupon Notes, its Final Redemption Amount specified in the applicable Final Terms, in each case, in the relevant Specified Currency on the Maturity Date subject as provided below if the Extended Final Maturity is specified as being applicable in the applicable Final Terms.

If Extended Final Maturity is specified as being applicable in the applicable Final Terms for a Series of Notes and the Issuer has not paid the Final Redemption Amount on the Maturity

Date specified in the applicable Final Terms, then (subject as provided below) payment of the unpaid amount by the Issuer shall be automatically deferred until the Extended Final Maturity Date specified in the applicable Final Terms, provided that any amount representing the Final Redemption Amount due and remaining unpaid on the Maturity Date may be paid by the Issuer on any Interest Payment Date occurring thereafter up to (and including) the relevant Extended Final Maturity Date.

For the purposes of these Conditions:

Extended Final Maturity Date means, in relation to any Series of Notes, the date (if any) specified as such in the applicable Final Terms, being a date falling no later than 12 months from the Maturity Date, to which the payment of all or (as applicable) part of the Final Redemption Amount payable on the Maturity Date will be deferred in the event that the Final Redemption Amount is not paid in full on the Maturity Date.

6.2 **Redemption at the option of the Issuer (Issuer Call)**

If Issuer Call is specified in the applicable Final Terms, the Issuer may, having given:

- (a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 12; and
- (b) not less than 15 days before the giving of the notice referred to in (a) above, notice to the Agent;

(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, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. If redemption in part is specified as being applicable in the applicable Final Terms, 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. In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and 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 12 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 6.2 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 12 at least five days prior to the Selection Date.

6.3 **Purchases**

The Issuer or any subsidiary of the Issuer may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. All Notes so purchased will be surrendered to a Paying Agent for cancellation.

6.4 **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 the Notes purchased and cancelled pursuant to Condition 6.3 above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

6.5 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 or 6.2 above is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be an amount (the **Early Redemption Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

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 which will be either (a) 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 (the **Accrual Date**) which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) 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 Agent and notice to that effect has been given to the Noteholders in accordance with Condition 12,

and the denominator will be 360) or (b) Actual/365 (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 Accrual Date and the denominator will be 365) or (c) 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 Accrual Date and the denominator will be 360),

or on such other calculation basis as may be specified in the applicable Final Terms.

7. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by 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 which case such withholding or deduction will be made by the Issuer.

As used herein, **Tax Jurisdiction** means the Kingdom of Sweden or any political subdivision or any authority thereof or therein having power to tax.

8. PRESCRIPTION

The Notes 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 5.2) 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. 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 Agent upon payment by the claimant of all 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.

10. PAYING AGENTS

The names of the initial Paying Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (a) there will at all times be an Agent; and
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5.4. Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 12.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying 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 paying agent.

11. EXCHANGE OF TALONS

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 the Agent or any other 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.

12. NOTICES

All notices regarding the Notes will be deemed to be validly given if published (a) in a leading English language daily newspaper of general circulation in London and (b) if and for so long as the Notes are admitted to trading on the Luxembourg Stock Exchange's regulated market, and listed on the Official List of the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg and/or the Luxembourg Stock Exchange's website, www.bourse.lu. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London and the *Luxemburger Wort* or the *Tageblatt* in Luxembourg. 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 Notes are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant stock exchange or relevant authority if required by those rules. 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.

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 websites 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 on the website of the relevant stock exchange or relevant authority and/or 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

second 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 Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

13. MEETINGS OF NOTEHOLDERS AND MODIFICATION

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution 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 ten 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 more 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), 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 by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting and whether or not they voted on the resolution, and on all Receiptholders and Couponholders.

The Agent and the Issuer may agree, without the consent of the Noteholders or Couponholders, to:

- (a) any modification (except such modifications in respect of which an increased quorum is required as mentioned above) of the Notes, the Coupons or the Agency Agreement which is not prejudicial to the interests of the Noteholders; or
- (b) any modification of the Notes, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven 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 12 as soon as practicable thereafter.

14. 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, *inter alia*, 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.

15. 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.

16. GOVERNING LAW AND SUBMISSION TO JURISDICTION

16.1 *Governing law*

The Agency Agreement, the Deed of Covenant, the Notes (except for Condition 2) and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Notes and the Coupons are governed by, and shall be construed in accordance with, English law. Condition 2 is governed by, and shall be construed in accordance with, the laws of the Kingdom of Sweden.

16.2 *Submission to jurisdiction*

The Issuer irrevocably agrees, for the benefit of the Noteholders and the Couponholders, that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons) and accordingly submits to the exclusive jurisdiction of the English courts.

The Issuer waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. To the extent allowed by law, the Noteholders and the Couponholders may take any suit, action or proceedings (together referred to as **Proceedings**) arising out of or in connection with the Notes and the Coupons (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons) against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

16.3 *Appointment of Process Agent*

The Issuer appoints Business Sweden, the Swedish Trade & Invest Council at its registered office at 5 Upper Montagu Street, London W1H 2AG as its agent for service of process, and undertakes that, in the event of Business Sweden 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 herein shall affect the right to serve proceedings in any other manner permitted by law.

16.4 *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.

17. SWEDISH STATUTORY BAIL-IN

By its acquisition of the Notes, each Noteholder (which, for these purposes, includes each holder of a beneficial interest in the Notes) acknowledges and agrees to be bound by the exercise of any Bail-in Power by the relevant Swedish resolution authority that may result in the write-down or cancellation of all, or a portion, of the principal amount of, or accrued but unpaid interest on, the Notes and/or the conversion of all, or a portion, of the principal amount of, or accrued but unpaid interest on, the Notes into shares or other securities or other obligations of the Issuer or another person, including by means of a variation to the terms of the Notes to give effect to the exercise by the relevant Swedish resolution authority of such Bail-in Power. Each Noteholder (which, for these purposes, includes each holder of a beneficial interest in the Notes) further acknowledges and agrees that the rights of the Noteholders are subject to, and will be varied, if necessary, so as to give effect to, the exercise of any Bail-in Power by the relevant Swedish resolution authority.

For these purposes, a **Bail-in Power** means any statutory reduction and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of credit institutions, investment firms and/or any member of the Länsförsäkringar Bank Group incorporated in the relevant Member State of the European Union in effect and applicable in the relevant Member

State of the European Union to the Issuer and/or any other member of the Länsförsäkringar Bank Group, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of any European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms and/or within the context of a relevant Member State of the European Union's resolution regime or otherwise, pursuant to which liabilities of a credit institution, investment firm and/or any member of the Länsförsäkringar Bank Group can be reduced, cancelled and/or converted into shares or other notes or obligations of the obligor or any other person.

Upon the Issuer being informed or notified by the relevant Swedish resolution authority of the actual exercise of the Bail-in Power or the date from which the Bail-in Power shall be effective with respect to the Notes, the Issuer shall notify the Noteholders in accordance with Condition 12 without delay. Any delay or failure by the Issuer to give such notice shall not affect the validity and enforceability of the Bail-in Power nor the effects on the Notes described in this Condition.

The exercise of the Bail-in Power by the relevant Swedish resolution authority with respect to the Notes shall not constitute an event of default under the Notes and the terms and conditions of the Notes shall continue to apply in relation to the residual principal amount of, or outstanding amount payable with respect to, the Notes, subject to any modification of the amount of interest payable to reflect the reduction of the principal amount, and any further modification of the terms and conditions of the Notes that the relevant Swedish resolution authority may decide in accordance with applicable laws and regulations relating to the resolution of 86 credit institutions, investment firms and/or any member of the Länsförsäkringar Bank Group incorporated in the relevant Member State of the European Union.

Each Noteholder also acknowledges and agrees that this provision is exhaustive on the matters described herein to the exclusion of any other agreements, arrangements or understandings relating to the application of any Bail-in Power to the Notes.

Terms and Conditions of the VPS Notes

The following are the Terms and Conditions of the VPS Notes. VPS Notes will not be evidenced by any physical note or document of title other than a statement of account made by the VPS. Ownership of VPS Notes will be recorded and transfer effected only through the book entry system and register maintained by the VPS. The applicable Pricing Supplement in relation to any Tranche of VPS Notes that are Exempt Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such VPS Notes. Reference should be made to “Applicable Final Terms” (or, in the case of a Tranche of Exempt Notes, to “Applicable Pricing Supplement”) for a description of the content of the Final Terms (or Pricing Supplement, as applicable) which will specify which of such terms are to apply in relation to the relevant VPS Notes.

The VPS Notes are issued in accordance with the Swedish Act on the Issuance of Covered Bonds (lagen (2003:1223) om utgivning av säkerställda obligationer) (the **Covered Bond Act**).

Each VPS Note will be one of a Series (as defined below) of notes issued by Länsförsäkringar Hypotek AB (publ) (the **Issuer**) under the Programme and each VPS Note will be issued in accordance with and subject to a trust agreement (such trust agreement as modified and/or supplemented and/or restated from time to time, the **VPS Trustee Agreement**) dated 31 May 2011 made between the Issuer and Nordic Trustee AS (formerly Norsk Tillitsmann ASA) (the **VPS Trustee**, which expression shall include any successor as VPS Trustee).

References herein to the VPS Notes shall be references to the VPS Notes of this Series and shall mean notes registered in accordance with section 3-1 of the Norwegian Securities Depository Act of 15 March 2019 no. 6 in a securities depository approved or acknowledged under the EU central securities depositories (CSD) regulation (Regulation (EU) No 909/2014 of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012) which unless otherwise specified in the applicable Final Terms will be Verdipapirsentralen ASA (**VPS Notes** and the **VPS**, respectively).

The VPS Notes have the benefit of an account management agreement (the **VPS Agency Agreement**) dated 31 May 2011 between the Issuer and DNB Bank ASA (formerly DnB NOR Bank ASA) (the **VPS Agent**).

Each Tranche of VPS Notes will be created and held in uncertificated book entry form in accounts with the VPS. The VPS Agent will act as agent of the Issuer in respect of all dealings with the VPS in respect of VPS Notes as detailed in the VPS Agency Agreement.

The Final Terms of each Tranche of VPS Notes (or the relevant provisions thereof) are set out in Part A of the Final Terms (or Pricing Supplement, in the case of Exempt Notes) which complete these Terms and Conditions of the VPS Notes (the **VPS Conditions**) and, in the case of a VPS Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Regulation (an **Exempt Note**), may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these VPS Conditions, replace or modify these VPS Conditions for the purposes of the VPS Notes. References to the **applicable Final Terms** are to Part A of the Final Terms (or the relevant provisions thereof) which complete these VPS Conditions. Any reference in the VPS Conditions to **applicable Final Terms** shall be deemed to include a reference to **applicable Pricing Supplement** where relevant. The expression **Prospectus Regulation** means Regulation (EU) 2017/1129. For the purposes of the VPS Conditions, references to the European Economic Area include the United Kingdom.

The VPS Trustee acts for the benefit of the holders for the time being of the VPS Notes (the **VPS Noteholders** and the **holders of VPS Notes**), in accordance with the provisions of the VPS Trustee Agreement and these VPS Conditions.

As used herein, **Tranche** means VPS Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of VPS Notes together with any further Tranche or Tranches of VPS 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.

Copies of the VPS Agency Agreement and the VPS Trustee Agreement are available for inspection during normal business hours at the specified office of the VPS Agent and at the registered office for the time being of the VPS Trustee at 24 June 2020 at Kronprinsesse Märthas plass 1, 0160, Oslo, Norway. The VPS Noteholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the VPS Agency Agreement, the VPS Trustee Agreement and the Final Terms which are applicable to them. The statements in these VPS Conditions include summaries of, and are subject to, the detailed provisions of the VPS Agency Agreement and the VPS Trustee Agreement.

Words and expressions defined in the VPS Agency Agreement or the VPS Trustee Agreement or used in the applicable Final Terms shall have the same meanings where used in these VPS Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the VPS Trustee Agreement and the VPS Agency Agreement, the VPS Trustee Agreement will prevail, and in the event of inconsistency between the VPS Trustee Agreement or the VPS Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

1. FORM, DENOMINATION AND TITLE

The VPS Notes are in uncertificated book entry form in the denomination of NOK 1,000,000 and/or such other currency and Specified Denomination(s) as shown in Part A of the relevant Final Terms provided that in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a Prospectus under the Prospectus Directive, the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes) and will be registered with a separate securities identification code in the VPS.

VPS Notes of one Specified Denomination may not be exchanged for Notes, VPS or otherwise, of another Specified Denomination. VPS Notes will be registered with a separate securities identification code in the VPS.

VPS Notes may not be exchanged for Notes other than VPS Notes, issued by the Issuer, and *vice versa*.

A VPS Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

The holder of a VPS Note will be the person evidenced as such by a book entry in the records of the VPS. The Issuer and the VPS Trustee may rely on a certificate of the VPS or one issued on behalf of the VPS by an account-carrying institution as to a particular person being a VPS Noteholder.

Title to the VPS Notes will pass by registration in the VPS between the direct or indirect accountholders at the VPS in accordance with the rules and procedures of the VPS that are in force from time to time. Where a nominee is so evidenced, it shall be treated by the Issuer as the holder of the relevant VPS Note.

Each person who is for the time being shown in the records of the VPS as the holder of a particular nominal amount of such VPS Notes shall be treated by the Issuer, the VPS Trustee and the VPS Agent, as the holder of such nominal amount of such VPS Notes for all purposes. VPS Notes will be transferable only in accordance with the rules and procedures for the time being of the VPS.

2. STATUS OF THE VPS NOTES

2.1 Status of the Notes

Each Tranche of VPS Notes will constitute unsubordinated obligations of the Issuer and will rank *pari passu* without any preference among themselves. The Notes are obligations issued in accordance with the Covered Bond Act and rank *pari passu* with all other obligations of the Issuer that have been provided the same priority as covered bonds (*säkerställda obligationer*) issued in accordance with the terms of the Covered Bond Act.

2.2 **Overcollateralisation**

For so long as the VPS Notes are outstanding, the Issuer shall procure that the nominal value of the cover pool (*Swedish: det nominella värdet av säkerhetsmassan*, as per section 3:8 of the Covered Bond Act) at all times exceeds the aggregate nominal value of claims which may be asserted against the Issuer on account of covered bonds (*Swedish: det sammanlagda nominella värdet av de fordringar som kan göras gällande mot emittentinstitutet på grund av säkerställda obligationer*, as per section 3:8 of the Covered Bond Act) by 10 per cent., or such other percentage as may be selected by the Issuer from time to time and notified to the VPS Trustee and each relevant rating agency (the **Alternative Overcollateralisation Percentage**), provided that the Issuer shall not at any time select an Alternative Overcollateralisation Percentage unless:

- (A) the credit rating (if any) assigned to the VPS Notes at such time by each rating agency which has assigned a credit rating to the Notes is Aaa (in the case of VPS Notes rated by Moody's Investors Service España, S.A. or its successors) and/or AAA (in the case of VPS Notes rated by S&P Global Ratings Europe Limited); and
- (B) each rating agency (if any) which has assigned a credit rating to the VPS Notes at such time has confirmed in writing to the Issuer that, at the time of its confirmation, the selection of such Alternative Overcollateralisation Percentage would not in and of itself result in any credit rating then assigned to the Notes by such rating agency being reduced, removed, suspended or placed on creditwatch.

3. **INTEREST**

3.1 **Interest on Fixed Rate Notes**

Each Fixed Rate Note will bear interest on its outstanding nominal amount 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 or, if the applicable Final Terms specifies that an Extended Final Maturity Date applies, the Extended Final Maturity Date or any earlier Interest Payment Date on which the VPS Notes are redeemed in full, provided that any amounts representing interest payable after the Maturity Date shall be paid at such rate and on such dates as specified in the Final Terms.

Except as provided in the applicable Final Terms, 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, amount to the Broken Amount so specified.

As used in these VPS 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.

If interest is required to be calculated for a period other than a Fixed 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, 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.

In these VPS Conditions:

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 3.1:

- (a) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:
 - (i) in the case of VPS 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 (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

- (ii) in the case of VPS Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (A) 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
 - (B) 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
- (b) if “30/360” is specified in the applicable Final Terms, 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.

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.

3.2 **Interest on Floating Rate Notes**

(a) **Interest Payment Dates**

Each Floating Rate Note bears interest on its outstanding nominal amount 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
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, 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 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 these VPS 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 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 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 3.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) 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 (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) 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 these VPS Conditions, **Business Day** means a day which is both:

- (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 London and each Additional Business Centre specified in the applicable Final Terms; and
- (b) either (i) 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 (ii) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) 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.

(i) **ISDA Determination for Floating Rate Notes**

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this subparagraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;

- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this subparagraph (i), **Floating Rate, Calculation Agent, Floating Rate Option, Designated Maturity and Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(ii) **Screen Rate Determination for Floating Rate Notes**

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, 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 (being either LIBOR, EURIBOR, STIBOR, HKD-HIBOR, AUD-BBR-BBSW or CDOR, as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page (or each replacement page on that service which displays the information) as at 10.00 a.m. (Toronto time, in the case of CDOR), 10.10 a.m. (Sydney time, in the case of AUD-BBR-BBSW), 11.00 a.m. (London time, in the case of LIBOR, Brussels time, in the case of EURIBOR, Stockholm time, in the case of STIBOR or Hong Kong time in the case of HKD-HIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the 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 the 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 (A) above, no offered quotation appears or, in the case of (B) above, fewer than three offered quotations appear, in each case as at the Specified Time, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two (or five, in the case of AUD-BBR-BBSW) or more of the Reference Banks provide the 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 the Calculation Agent.

If on any Interest Determination Date fewer than the specified number of the Reference Banks provides the Calculation Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be (1) (if the Reference Rate is either LIBOR, EURIBOR or STIBOR) the rate per annum which the 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) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified 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 the London inter-bank market (if the Reference Rate is LIBOR), the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the Stockholm inter-bank market (if the Reference Rate is STIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the 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 Specified 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 the Calculation Agent it is quoting to leading banks in the London interbank market (if the Reference Rate is LIBOR), the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the Stockholm inter-bank market (if the Reference Rate is STIBOR) plus or minus (as appropriate) the Margin (if any), (2) (if the Reference Rate is AUD-BBR-BBSW) the rate shall then be determined by the Calculation Agent having regard to the comparable indices then available, (3) (if the Reference Rate is CDOR) the arithmetic mean of the bid rates as communicated to (and at the request of) the Calculation Agent by Schedule 1 chartered banks in Toronto, for Canadian Dollar bankers acceptances for a period of the applicable Interest Period in an amount representative for a single transaction in the relevant market at the relevant time accepted by those banks as of 10:00 a.m. Toronto time; and (4) in the case of HKD-HIBOR, the arithmetic mean of the quotations as communicated to (and at the request of) the Calculation Agent by major banks in Hong Kong, for loans in Hong Kong Dollars to leading European banks for a period of the applicable maturity as at approximately 11:00 a.m. Hong Kong time 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).

In the case of Exempt Notes, if the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Pricing Supplement as being other than LIBOR, EURIBOR, STIBOR, HKD-HIBOR, AUD-BBR-BBSW or CDOR, the Rate of Interest in respect of such VPS Notes will be determined as provided in the applicable Pricing Supplement.

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

If the applicable Final Terms specifies 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 specifies 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 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 Calculation Agent will calculate the amount of interest (the **Interest Amount**) payable on such Floating Rate Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, 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.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 3.2:

- (i) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, 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);
- (ii) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, 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;
- (iv) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, 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:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

“D₂” 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 D₁ is greater than 29, in which case D₂ will be 30;

- (vi) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, 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:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” 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 D₂ will be 30; and

- (vii) if “30E/360 (ISDA)” is specified in the applicable Final Terms, 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:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” 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 D₁ will be 30; and

“D₂” 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 D₂ will be 30.

(e) **Linear Interpolation**

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), 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 Calculation Agent in consultation with the Issuer shall determine such rate at such time and by reference to such sources as both determine 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 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, the VPS Agent, the VPS Trustee and any stock exchange on which the relevant Floating Rate Notes are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 9 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 on which the relevant Floating Rate Notes are for the time being listed and to the VPS Noteholders in accordance with Condition 9. 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. The notification of any rate or amount, if applicable, shall be made to the VPS in accordance with and subject to the VPS rules and regulations for the time being in effect.

(g) **Determination or Calculation by the VPS Trustee**

If for any reason at any relevant time the Calculation Agent defaults in its obligation to determine the Rate of Interest, the VPS Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the VPS Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Calculation Agent.

(h) **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 this Condition 3.2 by the Calculation Agent, shall (in the absence of wilful default, bad faith, manifest error or proven error) be binding on all parties and (in the absence of wilful default or bad faith) no liability shall attach to the Calculation Agent or the VPS Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

3.3 Interest Rate and Payments from the Maturity Date if Extended Final Maturity applies

- (a) If Extended Final Maturity is specified as being applicable in the applicable Final Terms and the Issuer has failed to pay (in full) the Final Redemption Amount on the Maturity Date specified in the applicable Final Terms, each VPS Note shall bear interest in accordance with this Condition 3.3 on its outstanding nominal amount from (and including) the Maturity Date to (but excluding) the earlier of the Interest Payment Date upon which the VPS Notes are redeemed in full and the Extended Final Maturity Date, subject to Condition 3.5. In such circumstances, the Rate of Interest for each Interest Period falling after the Maturity Date, and the amount of interest payable on each Interest Payment Date in respect of such Interest Period, shall be determined by the Calculation Agent in accordance with the applicable Final Terms.

- (b) All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 3.3, by the Calculation Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Calculation Agent and all VPS Noteholders and (in the absence as aforesaid) no liability to the Issuer or the VPS Noteholders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.
- (c) This Condition 3.3 shall only apply to a Series of VPS Notes if the Issuer fails to redeem such Series of VPS Notes (in full) at their Final Redemption Amount (as specified in the applicable Final Terms) on the Maturity Date and the maturity of such VPS Notes is automatically extended to the Extended Final Maturity Date in accordance with Condition 5.1.

3.4 **Benchmark Discontinuation**

- (a) **Independent Adviser**

If a Benchmark Event occurs in relation to an Original Reference Rate at any time when these VPS Conditions provide for any remaining Rate of Interest (or any component part thereof) to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 3.4(b)) and (in either case) the applicable Adjustment Spread (in accordance with Condition 3.4(c)) and any Benchmark Amendments (in accordance with Condition 3.4(d)). An Independent Adviser appointed pursuant to this Condition 3.4 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 VPS Trustee, the VPS Agent, the Calculation Agent or the VPS Noteholders for any determination made by it pursuant to this Condition 3.4.
- (b) **Successor Rate or Alternative Rate**

If the Independent Adviser acting in good faith and in a commercially reasonable manner determines that:

 - (i) there is a Successor Rate, then such Successor Rate as adjusted by the applicable Adjustment Spread (as provided in Condition 3.4(c)) shall subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the VPS Notes (subject to the further operation of this Condition 3.4); or
 - (ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate as adjusted by the applicable Adjustment Spread (as provided in Condition 3.4(c)) shall subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the VPS Notes (subject to the further operation of this Condition 3.4).
- (c) **Adjustment Spread**

If a Successor Rate or Alternative Rate is determined in accordance with Condition 3.4(b), the Independent Adviser, acting in good faith and in a commercially reasonable manner, shall determine an Adjustment Spread (which may be expressed as a specified quantum or a formula or methodology for determining the applicable Adjustment Spread (and, for the avoidance of doubt, an Adjustment Spread may be positive, negative or zero)), which Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a relevant component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).
- (d) **Benchmark Amendments**

If any Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread is determined in accordance with this Condition 3.4 and the Independent Adviser, acting in good faith and in a commercially reasonable manner determines (A) that amendments to these VPS Conditions and/or the VPS Trustee Agreement (if required) (including, without limitation, amendments to the definitions of Day Count Fraction, Business Day, or Relevant Screen Page) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the **Benchmark Amendments**) and (B) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 3.4(e), without any requirement for the consent or approval of the VPS Noteholders, vary these VPS Conditions and/or the VPS Trustee Agreement (if required) to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the VPS Trustee of a certificate signed by two directors of the Issuer pursuant to Condition 3.4(e), the VPS Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the VPS Noteholders, be obliged to use their reasonable endeavours to effect any Benchmark Amendments (including, inter alia, by the execution of an addendum supplemental to or amending the VPS Trustee Agreement, if necessary) and the VPS Trustee shall not be liable to any party for any consequences thereof, provided that the VPS Trustee shall not be so obliged if in the reasonable opinion of the VPS Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce rights and/or the protective provisions afforded to the VPS Trustee in these VPS Conditions or the VPS Trustee Agreement (including, for the avoidance of doubt, any addendum) in any way.

(e) **Notices, etc.**

The Issuer will notify the VPS Trustee, the VPS Agent, the Calculation Agent and, in accordance with Condition 9, the VPS Noteholders promptly of any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 3.4. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any. No later than notifying the VPS Trustee of the same, the Issuer shall deliver to the VPS Trustee a certificate signed by two directors of the Issuer:

- (i) confirming (A) that a Benchmark Event has occurred, (B) the Successor Rate or, as the case may be, the Alternative Rate, (C) the applicable Adjustment Spread and (D) the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 3.4; and
- (ii) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread.

The VPS Trustee shall be entitled to rely on such certificate (without inquiry and without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the applicable Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the VPS Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the VPS Trustee, the VPS Agent, the Calculation Agent and the VPS Noteholders as of their effective date.

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

Without prejudice to the obligations of the Issuer under the provisions of this Condition 3.4, the Original Reference Rate and the fallback provisions provided for in

Condition 3.2(b)(ii) will continue to apply unless and until a Benchmark Event has occurred.

(g) **Fallbacks**

If, following the occurrence of a Benchmark Event and in relation to the determination of the Rate of Interest on the relevant Interest Determination Date, no Successor Rate or Alternative Rate (as applicable) or (in either case) the applicable Adjustment Spread is determined and notified to the VPS Trustee, the VPS Agent and the Calculation Agent, in each case pursuant to this Condition 3.4, prior to such Interest Determination Date, the Original Reference Rate will continue to apply for the purposes of determining such Rate of Interest on such Interest Determination Date, with the effect that the fallback provisions provided for in Condition 3.2(b)(ii) will (if applicable) continue to apply to such determination. For the avoidance of doubt, this Condition 3.4 shall apply to the determination of the Rate of Interest on the relevant Interest Determination Date only, and the Rate of Interest applicable to any subsequent Interest Period(s) is subject to the subsequent operation of, and to adjustment as provided in, this Condition 3.4.

(h) **Definitions**

As used in this Condition 3.4:

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

- (i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (ii) in the case of an Alternative Rate or (where (i) above does not apply) in the case of a Successor Rate, the Independent Adviser determines is acknowledged or recognised 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 the Successor Rate or the Alternative Rate (as the case may be); or
- (iii) (if the Independent Adviser determines that neither (i) nor (ii) above applies) the Independent Adviser determines to be appropriate, having regard to the objective, so far as is reasonably practicable in the circumstances, of reducing or eliminating any economic prejudice or benefit (as the case may be) to VPS Noteholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be).

Alternative Rate means an alternative to the Original Reference Rate which the Independent Adviser determines in accordance with Condition 3.4(b) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component part thereof) for debt securities with a commensurate interest period and in the same Specified Currency as the VPS Notes, or if the Independent Adviser determines that there is no such rate, such other rate as the Independent Adviser determines in its sole discretion is most comparable to the Original Reference Rate.

Benchmark Amendments has the meaning given to it in Condition 3.4(d).

Benchmark Events means, with respect to an Original Reference Rate:

- (i) the Original Reference Rate ceasing to be published for at least five Business Days or ceasing to exist or be administered; or
- (ii) 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
- (iii) 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
- (iv) 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
- (v) 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
- (vi) it has or will prior to the next Interest Determination Date become unlawful for the Issuer, the VPS Agent or the Calculation Agent to calculate any payments due to be made to any VPS Noteholder using the Original Reference Rate; or
- (vii) the making of a public statement by the supervisor of the administrator of such Original Reference Rate announcing that such Original Reference Rate is no longer representative or may no longer be used.

Independent Adviser means an independent financial institution of international repute or an independent financial adviser with appropriate expertise in the international debt capital markets appointed by the Issuer, at its own expense, under Condition 3.4(a).

Original Reference Rate means the originally-specified Reference Rate used to determine the relevant Rate of Interest (or any component part thereof) in respect of any Interest Period(s) (provided that if, following one or more Benchmark Events, such originally specified Reference Rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Rate, the term **Original Reference Rate** shall include any such Successor Rate or Alternative Rate).

Relevant Nominating Body means, in respect of a Reference Rate:

- (i) the central bank for the currency to which the Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (A) the central bank for the currency to which the Reference Rate relates, (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate, (C) a group of the aforementioned central banks or other supervisory authorities or (D) the Financial Stability Board or any part thereof.

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

3.5 Accrual of interest

Each VPS Note (or in the case of the redemption of part only of a VPS Note, that part only of such VPS 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 VPS Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such VPS Note has been received by the VPS Agent and notice to that effect has been given to the VPS Noteholders in accordance with Condition 9.

3.6 Calculation Agent

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in respect of the VPS Notes and for so long as any VPS Note is outstanding (as defined in Condition 16). Where more than one Calculation Agent is appointed in respect of the VPS Notes, references in these VPS Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the VPS Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Accrual Period or to calculate any Interest Amount, Final Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall (with the prior approval of the VPS Trustee) appoint a leading bank or investment banking firm engaged in the inter-bank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

4. PAYMENTS

4.1 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 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 will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction, but without prejudice to the provisions of Condition 6, 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 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 6) any law implementing an intergovernmental approach thereto.

4.2 Payments in respect of VPS Notes

Payments of principal and interest in respect of VPS Notes and notification thereof to VPS Noteholders will be made to the VPS Noteholders shown in the records of the VPS and will be effected through and in accordance with and subject to the rules and regulations from time to time governing the VPS. The VPS Agent and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any VPS Noteholder. The Issuer reserves the right at any time with the approval of the VPS Trustee to vary or terminate the appointment of the VPS Agent or the Calculation Agent and to appoint

additional or other agents, provided that the Issuer shall at all times maintain (i) a VPS Agent authorised to act as an account operating institution with the VPS, (ii) one or more Calculation Agent(s) where the VPS Conditions so require, and (iii) such other agents as may be required by any other stock exchange on which the VPS Notes may be listed in each case.

Notice of any such change or of any change of any specified office shall promptly be given to the VPS Noteholders in accordance with Condition 9.

4.3 Payment Day

If the date for payment of any amount in respect of any VPS Note is not a Payment Day, the holder thereof shall not be entitled to payment of the relevant payment due until the next following Payment Day and shall not be entitled to any interest or other payment in respect of any such delay. For these purposes, **Payment Day** means any day which (subject to Condition 7) 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 each Additional Financial Centre specified in the applicable Final Terms; and
- (b) either (A) 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 (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

4.4 Interpretation of principal and interest

Any reference in these VPS Conditions to principal in respect of the VPS Notes shall be deemed to include, as applicable:

- (a) the Final Redemption Amount of the VPS Notes;
- (b) the Optional Redemption Amount(s) (if any) of the VPS Notes;
- (c) the Early Redemption Amount of the Notes; and
- (d) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the VPS Notes.

5. REDEMPTION AND PURCHASE

5.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each VPS Note will be redeemed by the Issuer at (i) if the VPS Notes are not Zero Coupon Notes, 100 per cent. of its nominal amount, or (ii) if the VPS Notes are Zero Coupon Notes, its Final Redemption Amount specified in the applicable Final Terms, in each case, in the relevant Specified Currency on the Maturity Date subject as provided below if the Extended Final Maturity is specified as being applicable in the applicable Final Terms.

If Extended Final Maturity is specified as being applicable in the applicable Final Terms for a Series of VPS Notes and the Issuer has not paid the Final Redemption Amount on the Maturity Date specified in the applicable Final Terms, then (subject as provided below) payment of the unpaid amount by the Issuer shall be automatically deferred until the Extended Final Maturity Date specified in the applicable Final Terms, provided that any amount representing the Final Redemption Amount due and remaining unpaid on the Maturity Date may be paid by the Issuer on any Interest Payment Date occurring thereafter up to (and including) the relevant Extended Final Maturity Date.

5.2 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Final Terms, the Issuer may, having given not less than 15 nor more than 30 days' notice to the VPS Noteholders in accordance with Condition 9

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the VPS Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. If redemption in part is specified as being applicable in the applicable Final Terms, 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. In the case of a partial redemption of VPS Notes, the VPS Notes to be redeemed will be selected in accordance with the rules and procedures of the VPS in relation to such VPS Notes not more than 30 days prior to the date fixed for redemption.

5.3 Purchases

The Issuer or any subsidiary of the Issuer may at any time purchase VPS Notes at any price in the open market or otherwise.

5.4 Cancellation

All VPS Notes purchased by or on behalf of the Issuer or any of its subsidiaries may be cancelled by causing such VPS Notes to be deleted from the records of the VPS. All VPS Notes which are redeemed will forthwith be cancelled in the same manner. Any VPS Notes so cancelled may not be reissued or resold and the obligations of the Issuer in respect of any such VPS Notes shall be discharged.

5.5 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 5.1 or 5.2 above is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be an amount (the **Early Redemption Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^{\text{Y}}$$

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 which will be either (a) 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 (the **Accrual Date**) which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) 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 VPS Agent or the VPS Trustee and notice to that effect has been given to the VPS Noteholders in accordance with Condition 9,

and the denominator will be 360) or (b) Actual/365 (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 VPS Notes to (but excluding) the Accrual Date and the denominator will be 365) or (c) 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 VPS Notes to (but excluding) the Accrual Date and the denominator will be 360),

or on such other calculation basis as may be specified in the applicable Final Terms.

6. TAXATION

All payments of principal and interest in respect of the VPS Notes by 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 which case such withholding or deduction will be made by the Issuer.

As used herein, **Tax Jurisdiction** means the Kingdom of Sweden or any political subdivision or any authority thereof or therein having power to tax.

7. PRESCRIPTION

The VPS Notes 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 16) therefor.

8. TRANSFER AND EXCHANGE OF VPS NOTES

8.1 *Transfers of Interests in VPS Notes*

Settlement of sale and purchase transactions in respect of VPS Notes will take place two Oslo Business Days after the date of the relevant transaction. VPS Notes may be transferred between accountholders at the VPS in accordance with the procedures and regulations, for the time being, of the VPS. A transfer of VPS Notes which is held in the VPS through Euroclear or Clearstream, Luxembourg is only possible by using an account operator linked to the VPS.

8.2 *Registration of transfer upon partial redemption*

In the event of a partial redemption of VPS Notes under Condition 5, the Issuer shall not be required to register the transfer of any VPS Note, or part of a VPS Note, called for partial redemption.

8.3 *Costs of registration and administration of the VPS Register*

VPS Noteholders will not be required to bear the costs and expenses of effecting any registration, transfer or administration in relation to the VPS Register, 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.

9. NOTICES

Notices to the VPS Noteholders shall be valid if the relevant notice is given to the VPS for communication by it to the VPS Noteholders and, so long as the VPS Notes are listed on a stock exchange, the Issuer shall ensure that notices are duly published in a manner which complies with the rules of such exchange (which in the case of Notes admitted to trading on the Luxembourg Stock Exchange's regulated market, and listed on the Official List of the Luxembourg Stock Exchange, must be in a daily newspaper of general circulation in Luxembourg and/or on the Luxembourg Stock Exchange's website www.bourse.lu). Any such notice given to the VPS shall be deemed to have been given on the date two days after delivery to the VPS.

10. MEETINGS OF VPS NOTEHOLDERS AND MODIFICATION

Provisions with respect to Holders of VPS Notes

The VPS Trustee Agreement contains provisions for convening meetings of the VPS Noteholders to consider any matter affecting their interests, including sanctioning by a majority of votes (as more fully set out in the VPS Trustee Agreement) a modification of the VPS Notes or any of the provisions of the VPS Trustee Agreement (or, in certain cases, sanctioning by a majority of two thirds of votes). Such a meeting may be convened by the Issuer, the VPS Trustee, by VPS Noteholders holding not less than 10 per cent. of the Voting VPS Notes or, with respect to VPS Notes listed on an exchange (but without prejudice to the foregoing), the exchange in accordance with the applicable rules of such exchange. For the purpose of this Condition, **Voting VPS Notes** means the aggregate nominal amount of the total number of VPS Notes not redeemed or otherwise deregistered in the VPS, less the VPS Notes owned by the Issuer, any party who has decisive influence over the Issuer or any party over whom the Issuer has decisive influence.

The quorum at a meeting for passing a resolution is one or more persons holding at least one half of the Voting VPS Notes or at any adjourned meeting one or more persons being or representing holders of Voting VPS Notes whatever the nominal amount of the VPS Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the VPS Notes, the VPS Trustee Agreement (including modifying the date of maturity of the VPS Notes or any date for payment of interest thereof, reducing or cancelling the amount of principal or the rate of interest payable in respect of the VPS Notes or altering the currency of payment of the VPS Notes), the quorum shall be one or more persons holding or representing not less than two-thirds in aggregate nominal amount of the Voting VPS 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 aggregate nominal amount of the Voting VPS Notes. A resolution passed at any meeting of the VPS Noteholders shall be binding on all the VPS Noteholders, whether or not they are present at such meeting.

Modification

The VPS Trustee Agreement provides that:

- (i) the VPS Trustee may in certain circumstances, without the consent of the VPS Noteholders, make decisions binding on all VPS Noteholders relating to the VPS Conditions, the applicable Final Terms or the VPS Trustee Agreement or that is not, in the VPS Trustee's opinion, materially prejudicial to the interests of the VPS Noteholders; and
- (ii) the VPS Trustee may reach decisions binding for all VPS Noteholders.

In addition, the Issuer may, without the consent of the VPS Noteholders, amend these VPS Conditions to give effect to any Benchmark Amendments in the circumstances and as otherwise set out in Condition 3.4(d) above.

11. VPS TRUSTEE

The VPS Trustee Agreement contains provisions for the indemnification of the VPS Trustee and for its relief from responsibility. VPS Noteholders are deemed to have accepted and will be bound by the VPS Conditions and the terms of the VPS Trustee Agreement.

12. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the VPS Noteholders to create and issue, *inter alia*, further notes having terms and conditions the same as the VPS Notes so that the same shall be consolidated and form a single Series with the outstanding VPS Notes.

13. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this VPS 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.

14. GOVERNING LAW AND SUBMISSION TO JURISDICTION

14.1 Governing law

The VPS Notes (and any non-contractual obligations arising out of or in connection with them) are governed by, and shall be construed in accordance with, English law, save as to Condition 2, which is governed by and shall be construed in accordance with Swedish law and Conditions 10, 11 and 12 which are governed by and shall be construed in accordance with Norwegian law. The VPS Trustee Agreement and VPS Agency Agreement are governed by and shall be construed in accordance with Norwegian law.

VPS Notes must comply with the Norwegian Securities Register Act of 5 July 2002 No. 64, as amended from time to time, and the holders of VPS Notes will be entitled to the rights and are subject to the obligations and liabilities which arise under this Act and any related regulations and legislation.

14.2 **Submission to jurisdiction**

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

The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

The Issuer agrees, for the exclusive benefit of the VPS Trustee and the VPS Noteholders that the courts of Norway are to have jurisdiction to settle any disputes which may arise out of, or in connection with, the VPS Trustee Agreement and the VPS Agency Agreement (including a dispute relating to any non- contractual obligations arising out of or in connection with it).

To the extent allowed by law, the VPS Noteholders may take (i) Proceedings against the Issuer in any other court of competent jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

14.3 **Appointment of Process Agent**

The Issuer appoints Business Sweden, the Swedish Trade & Invest Council at its registered office at 5 Upper Montagu Street, London W1H 2AG as its agent for service of process, and undertakes that, in the event of Business Sweden 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 herein shall affect the right to serve proceedings in any other manner permitted by law.

15. **SWEDISH STATUTORY BAIL-IN**

By its acquisition of the VPS Notes, each VPS Noteholder (which, for these purposes, includes each holder of a beneficial interest in the VPS Notes) acknowledges and agrees to be bound by the exercise of any Bail-in Power by the relevant Swedish resolution authority that may result in the write-down or cancellation of all, or a portion, of the principal amount of, or accrued but unpaid interest on, the VPS Notes and/or the conversion of all, or a portion, of the principal amount of, or accrued but unpaid interest on, the VPS Notes into shares or other securities or other obligations of the Issuer or another person, including by means of a variation to the terms of the VPS Notes to give effect to the exercise by the relevant Swedish resolution authority of such Bail-in Power. Each VPS Noteholder (which, for these purposes, includes each holder of a beneficial interest in the VPS Notes) further acknowledges and agrees that the rights of the VPS Noteholders are subject to, and will be varied, if necessary, so as to give effect to, the exercise of any Bail-in Power by the relevant Swedish resolution authority.

For these purposes, a **Bail-in Power** means any statutory reduction and/or conversion power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of credit institutions, investment firms and/or any member of the Länsförsäkringar Bank Group incorporated in the relevant Member State of the European Union in effect and applicable in the relevant Member State of the European Union to the Issuer and/or any other member of the Länsförsäkringar Bank Group, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of any European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms and/or within the context of a relevant Member State of the European Union's resolution regime or otherwise, pursuant to which liabilities of a credit institution, investment firm and/or any member of the Länsförsäkringar Bank Group can be reduced, cancelled and/or converted into shares or other notes or obligations of the obligor or any other person.

Upon the Issuer being informed or notified by the relevant Swedish resolution authority of the actual exercise of the Bail-in Power or the date from which the Bail-in Power shall be effective with respect to the VPS Notes, the Issuer shall notify the VPS Noteholders in accordance with Condition 9 without

delay. Any delay or failure by the Issuer to give such notice shall not affect the validity and enforceability of the Bail-in Power nor the effects on the VPS Notes described in this Condition.

The exercise of the Bail-in Power by the relevant Swedish resolution authority with respect to the VPS Notes shall not constitute an event of default under the VPS Notes and the terms and conditions of the VPS Notes shall continue to apply in relation to the residual principal amount of, or outstanding amount payable with respect to, the VPS Notes, subject to any modification of the amount of interest payable to reflect the reduction of the principal amount, and any further modification of the terms and conditions of the Notes that the relevant Swedish resolution authority may decide in accordance with applicable laws and regulations relating to the resolution of 86 credit institutions, investment firms and/or any member of the Länsförsäkringar Bank Group incorporated in the relevant Member State of the European Union.

Each VPS Noteholder also acknowledges and agrees that this provision is exhaustive on the matters described herein to the exclusion of any other agreements, arrangements or understandings relating to the application of any Bail-in Power to the VPS Notes.

16. DEFINITIONS

In these VPS Conditions the following words shall have the following meanings:

Agency Agreement means an agency agreement dated 24 June 2020 between the Issuer and the agents named therein, as amended and/or supplemented and/or restated from time to time;

Calculation Agency Agreement in relation to any Series of VPS Notes means an agreement in or substantially in the form of Schedule 1 to the Agency Agreement;

Calculation Agent means, in relation to the VPS Notes of any Series, the person appointed as calculation agent in relation to the VPS Notes by the Issuer pursuant to the provisions of a Calculation Agency Agreement (or any other agreement) and shall include any successor calculation agent appointed in respect of the VPS Notes;

Established Rate means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Union regulations) into euro established by the Council of the European Union pursuant to Article 140 of the Treaty;

euro means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

Fixed Rate Note means a VPS Note on which interest is calculated at a fixed rate payable in arrear on one or more Interest Payment Dates in each year as may be agreed between the Issuer and the relevant Dealer, as indicated in the applicable Final Terms;

Floating Rate Note means a VPS Note on which interest is calculated at a floating rate, payable in arrear on one or more Interest Payment Dates in each year as may be agreed between the Issuer and the relevant Dealer, as indicated in the applicable Final Terms;

Interest Commencement Date means, in the case of interest bearing VPS Notes, the date specified in the applicable Final Terms from and including which the VPS Notes bear interest, which may or may not be the Issue Date;

Issue Date means, in respect of any VPS Note, the date of issue and purchase of the VPS Note;

Issue Price means the price, generally expressed as a percentage of the nominal amount of the VPS Notes, at which the VPS Notes will be issued;

Oslo Business Days means 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 Oslo;

outstanding means, in relation to the VPS Notes of any Series, all the VPS Notes issued other than:

- (a) those VPS Notes which have been redeemed and cancelled pursuant to these VPS Conditions;

- (b) those VPS Notes in respect of which the date for redemption in accordance with these VPS Conditions has occurred and the redemption moneys (including all interest (if any) accrued to the date for redemption and any interest (if any) payable under these VPS Conditions after that date) have been duly paid to or to the order of the VPS Agent in the manner provided in these VPS Conditions and the VPS Agency Agreement (and where appropriate notice to that effect has been given to the VPS Noteholders in accordance with these VPS Conditions) and remain available for payment of the relevant VPS Notes;
- (c) those VPS Notes which have been purchased and cancelled in accordance with these VPS Conditions; and
- (d) those VPS Notes in respect of which claims have become prescribed under these VPS Conditions;

Reference Banks means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, 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 STIBOR, the principal Stockholm office of four major banks in the Stockholm inter-bank market and, in the case of a determination of HKD-HIBOR, the principal Hong office of four major banks in the Hong Kong inter-bank market, and, in the case of a determination of AUD-BBR-BBSW, the financial institutions authorised to quote on the Reuters Screen BBSW Page, and, in the case of a determination of CDOR, four major Canadian Schedule 1 chartered banks, in each case selected by the Calculation Agent in consultation with the Issuer or as specified in the applicable Final Terms;

Relevant Date means the date on which a payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the VPS Agent 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 VPS Noteholders in accordance with Condition 9;

Specified Time means 10.00 a.m. (Toronto time, in the case of a determination of CDOR), 10.00 a.m. (Sydney time, in the case of a determination of AUD-BBR-BBSW), 11.00 a.m. (London time, in the case of a determination of LIBOR, Brussels time, in the case of a determination of EURIBOR, Stockholm time, in the case of a determination of STIBOR, or Hong Kong time in the case of a determination of HKD-HIBOR);

Treaty means the Treaty on the Functioning of the European Union, as amended; and

Zero Coupon Note means a VPS Note on which no interest is payable.

Overview of the Swedish Legislation Regarding Covered Bonds

The following is a brief overview of certain features of the Covered Bond Act as of the date of this Base Prospectus. The overview does not purport to be, and is not, a complete description of all aspects of the Swedish legislative and regulatory framework for covered bonds. In addition to the summary below, please also refer to the section “Risk Factors” above.

Introduction

The Covered Bond Act entered into force on 1 July 2004 and was last amended in 2018. It enables Swedish banks and credit market undertakings (**Institutions**), which have been granted a specific licence by the Swedish FSA, to issue full-recourse debt instruments secured by a pool of mortgage credits and/or public sector credits.

The Swedish FSA has issued regulations and recommendations under the authority conferred on it by the Covered Bond Act by issuing FFFS 2013:1 (Sw: *Finansinspektionens föreskrifter och allmänna råd om säkerställda obligationer* which was amended by FFFS 2016:17 (Sw: *Föreskrifter om ändring i Finansinspektionens föreskrifter och allmänna råd (FFFS 2013:1) om säkerställda obligationer*) (the **SFSA Regulations**).

Swedish covered bonds may take the form of bonds and other comparable debt instruments, such as commercial paper.

In the event of an Institution’s bankruptcy, holders of covered bonds (and certain eligible counterparties to derivative contracts entered into for the purpose of matching the financial terms of the assets in the Cover Pool with those of the covered bonds) benefit from a priority right in the pool of assets (the **Cover Pool**). The Covered Bond Act further enables such holders (and derivative counterparties) to continue to receive timely payments also following the Institution’s bankruptcy, subject to certain conditions being met.

The Cover Pool is dynamic in the sense that an Institution may supplement or substitute assets in the Cover Pool at any time.

Registration

Information in respect of all covered bonds, assets in the Cover Pool and relevant derivative contracts must be entered into a special register (the **Register**), which is maintained by the Institution. The actual registration of the covered bonds and relevant derivative contracts in the Register is necessary to confer the priority right in the Cover Pool. Further, only assets entered into the Register form part of the Cover Pool.

The Register must at all times show the nominal value of the covered bonds, the Cover Pool and the relevant derivative contracts. As a result, the Register requires regular updating, including without limitation due to changes in interest rates, interest periods, outstanding debt and the composition of the Cover Pool. The value of the underlying collateral securing mortgage credits in the Cover Pool must also be entered into the Register.

Eligibility criteria for assets in the Cover Pool

The Cover Pool may consist of certain mortgage credits, public credits and supplemental assets.

Mortgage credits are defined as loans secured by (i) mortgages over real property (Sw: *fastigheter*) intended for residential, agricultural, office or commercial purposes or site leasehold rights (Sw: *tomträtter*) intended for residential, office or commercial purposes, (ii) pledges over tenant-owner rights (Sw: *bostadsrätter*), or (iii) comparable security interests over equivalent assets situated in other countries within the EEA.

Public credits are defined as certain loans to (or guaranteed by) *inter alia* the Swedish State, Swedish municipalities and comparable public bodies and the European Union.

Supplemental assets consist primarily of government bonds and cash, although the Swedish FSA may also authorise the use of certain debt instruments issued by credit institutions and other bodies as supplemental assets.

Loan-to-value ratios and certain other restrictions

For mortgage credits, there is a maximum loan amount which may be included in the Cover Pool, depending on the value of the underlying collateral:

1. For residential collateral, a loan may be included in the Cover Pool only to the extent the loan amount does not exceed 75 per cent. of the market value of the collateral.
2. For agricultural collateral, a loan may be included in the Cover Pool only to the extent the loan amount does not exceed 70 per cent. of the market value of the collateral.
3. For office or commercial collateral, a loan may be included in the Cover Pool only to the extent the loan amount does not exceed 60 per cent. of the market value of the collateral.

Should a loan exceed the relevant ratio, only the part of the loan that falls within the permitted limit may be included in the Cover Pool (a **Partly Eligible Loan**). The Covered Bond Act does not explicitly regulate how proceeds in respect of a Partly Eligible Loan shall be distributed between the eligible and the non-eligible parts of the loan.

The most likely interpretation is that interest payments shall be allocated *pro rata* between the eligible and non-eligible parts of the loan and that amortizations shall be applied first towards the non-eligible part of the loan (absent enforcement of the security over the underlying collateral). However, proceeds from enforcement of the security should most likely be applied first towards the eligible part of the loan.

A similar situation arises if, for example, the same mortgage security serves as first-ranking security for two (or more) loans granted by an Institution and only one of these loans is included in the Cover Pool. The Covered Bond Act does not give clear guidance as to how proceeds shall be allocated between the two loans in case of the Institution's bankruptcy. The lack of guidance may give room for unsecured creditors of the Institution to argue that only a *pro rata* portion of such proceeds shall be allocated to the loan included in the Cover Pool.

The Covered Bond Act restricts the overall proportion of loans provided against security over real property (or site leasehold rights or tenant-owner rights) intended for office or commercial purposes to 10 per cent. of an Institution's Cover Pool.

Furthermore, the proportion of supplemental assets may not exceed 20 per cent. of the Cover Pool, although the Swedish FSA has the authority to raise this limit to 30 per cent. for a limited period in special circumstances.

Institutions are required to regularly monitor the market value of the mortgage assets that serve as collateral for loans included in the Cover Pool and at least once a year analyse how future changes in market values may affect the loan-to-value ratios and the value of all such mortgage assets. If the market value of a mortgage asset declines significantly (15 per cent. or more according to the preparatory works to the Covered Bond Act), then only such part of the loan that falls within the permitted loan-to-value ratio will be eligible for inclusion in the Cover Pool and will be subject to the priority right described below. However, a decline in the market value following an Institution's bankruptcy would not result in a reduction of the assets in which holders of covered bonds (and relevant derivative counterparties) have a priority right, but could result in the Cover Pool ceasing to meet the matching requirements.

Matching requirements

The Covered Bond Act prescribes that an Institution must comply with certain matching requirements, which, *inter alia*, require that the nominal value of the assets registered to the Cover Pool exceeds the nominal value of liabilities which relate to covered bonds issued from time to time by at least 2 per cent. The calculation shall be made on the basis of current book values. In order to comply with these requirements, the Institution may enter into derivative contracts, which will also be taken into account.

To do so, the Institution is dependent on the availability of derivative counterparties with sufficient credit rating and also on such counterparties fulfilling their contractual obligations.

Furthermore, an Institution must compose the Cover Pool in such a way as to ensure a sound balance between the covered bonds and the assets in the Cover Pool in terms of currencies, interest rates and interest fixation periods. Such sound balance is deemed to exist when the present value of the Cover Pool at all times exceeds the present value of the liabilities relating to the covered bonds by at least 2 per cent. The present value of derivative contracts shall be taken into account for the purposes of such calculation. The calculations of present value shall withstand certain stress tests (changes in interest rates and/or currency exchange rates).

The payment flows relating to the assets in the Cover Pool, derivative contracts and covered bonds shall be such that an Institution is at all times able to meet its payment obligations towards holders of covered bonds and relevant derivative counterparties.

Non-performing assets in the Cover Pool which are more than 60 days overdue must be disregarded for the purposes of the matching tests.

Supervision by the Swedish FSA and the independent monitor

The Swedish FSA monitors that an Institution complies with the Covered Bond Act and other provisions of the legislative and regulatory framework which regulates the business of the Institution. In addition, the Swedish FSA appoints an independent monitor (Sw: *oberoende granskare*) for each Institution that issues covered bonds.

The independent monitor is responsible for monitoring the Register to assess whether or not it is being maintained correctly and in compliance with the Covered Bond Act and the SFSA Regulations. The monitoring shall be risk-based. In particular, the independent monitor shall verify that (i) covered bonds and relevant derivative contracts are registered in the Register, (ii) only loans and supplemental assets that satisfy the eligibility criteria are included in the Cover Pool and registered in the Register, (iii) the valuations of the underlying collateral for loans in the Cover Pool are in accordance with the Covered Bond Act and the SFSA Regulations, (iv) mortgage loans, the underlying collateral of which has decreased significantly in value are, for the purpose of the matching requirements, deducted from the Cover Pool to the extent necessary to comply with the relevant loan-to-value ratio and (v) the matching requirements are complied with. The independent monitor shall further annually review revaluations by the institution of the underlying collateral.

The independent monitor is entitled to request information from the Institution, conduct site visits and is required to report regularly and at least once a year to the Swedish FSA. The Covered Bond Act does not provide for any change to the independent monitor's remit upon the bankruptcy of an Institution.

Benefit of a priority right in the Cover Pool

Pursuant to the Covered Bond Act and the Swedish Rights of Priority Act (Sw: *förmånsrättslagen (1970:979)*), holders of covered bonds benefit from a priority right in the Cover Pool should the Institution be declared bankrupt (Sw: *försatt i konkurs*). The same priority is awarded to the Institution's eligible counterparties to derivative contracts entered into for the purpose of matching the financial terms of the assets in the Cover Pool with those of the covered bonds. Such derivative counterparties and the holders of the covered bonds rank *pari passu* with joint seniority in relation to the Cover Pool.

By virtue of the aforementioned priority, holders of covered bonds and relevant derivative counterparties rank ahead of unsecured creditors and all other creditors of the Institution in respect of assets in the Cover Pool (except the administrator-in-bankruptcy as regards fees for his administration of assets in the Cover Pool and costs for such administration and obligations under liquidity loans and other agreements entered into by the administrator-in bankruptcy on behalf of the bankruptcy estate with a view to fulfilling the matching requirements for the Cover Pool (see further below)). The priority right also covers cash received by an Institution and deriving from the Cover Pool or relevant derivative contracts, provided that certain administrative procedures have been complied with.

Due to what is generally regarded as an oversight by the legislator, there is some uncertainty as to whether a creditor that obtains execution (Sw: *utmätning*) against an asset in the Cover Pool earlier than three months before an Institution's bankruptcy could defeat the priority afforded to holders of covered bonds and derivative counterparties as regards such asset. However, an execution that is levied less than three months before the Institution is being declared bankrupt will typically not defeat the priority.

Administration of the Cover Pool in the event of bankruptcy

Should an Institution be declared bankrupt, at least one administrator-in-bankruptcy would be appointed by the bankruptcy court and one administrator-in-bankruptcy would be appointed by the Swedish FSA. The administrators-in-bankruptcy would take over the administration of the bankruptcy estate, including the Cover Pool.

Provided that (and as long as) the Cover Pool meets the requirements of the Covered Bond Act (including the matching requirements), the assets in the Cover Pool, the covered bonds and any relevant derivative contracts that have been entered into the Register are required to be maintained as a unit and kept segregated from other assets and liabilities of the bankruptcy estate of the Institution. The administrators-in-bankruptcy are in such case required to procure the continued timely service of payments due under the covered bonds and any relevant derivative contracts. Consequently, the bankruptcy would not as such result in early repayment or suspension of payments to the holders of covered bonds or to derivative counterparties, so long as the Cover Pool continues to meet the requirements of the Covered Bond Act.

Upon an Institution's bankruptcy, neither the Institution nor its bankruptcy estate would have the ability to issue further covered bonds. However, the Covered Bond Act gives the administrators-in-bankruptcy an explicit and broad mandate to enter into loan, derivative, repo and other transactions on behalf of the bankruptcy estate with a view to maintain matching cash flows, currencies, interest rates and interest periods between assets in the Cover Pool, covered bonds and derivative contracts. Counterparties in such transactions will rank senior to holders of covered bonds and derivative counterparties. The administrators-in-bankruptcy may also raise liquidity by selling assets in the Cover Pool in the market for example.

If the Cover Pool ceases to meet the requirements of the Covered Bond Act, and the deviations are not just temporary and minor, the Cover Pool may no longer be maintained as a unit and the continuous payment under the terms and conditions of the covered bonds and derivative contracts will cease. The holders of covered bonds and derivative counterparties would in such case instead benefit from a priority right in the proceeds of a sale of the assets in the Cover Pool in accordance with general bankruptcy rules. This could result in the holders of covered bonds receiving payment according to a schedule that is different from that contemplated by the terms and conditions of the covered bonds (with accelerations as well as delays) or that the holders of covered bonds are not paid in full. However, the holders of covered bonds and derivative counterparties would retain the benefit of the right of priority in the assets comprising the Cover Pool. Any residual claims of the holders of covered bonds and derivative counterparties remain valid claims against the Institution, but will rank *pari passu* with other unsecured and unsubordinated creditors of the Institution.

Directive on covered bonds

The Directive (EU) 2019/2162 (the **Covered Bonds Directive**) came into effect on 7 January 2020 (although there will be a maximum 30 month transposition period after the effective date for the new directive and the new regulation will become applicable during July 2022). The Covered Bonds Directive lays down, *inter alia*, the conditions that covered bonds have to meet in order to be recognised under European Union law, aiming to strengthen investor protection in the European Union by imposing specific supervisory duties. Certain changes will likely be made to the Covered Bond Act and the SFSA Regulations, but no draft legislation for the Swedish implementation of the Covered Bonds Directive has yet been presented. Hence, it is still unclear how the Covered Bonds Directive will affect the Swedish legislation governing covered bonds.

Use of Proceeds

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes, which include making a profit.

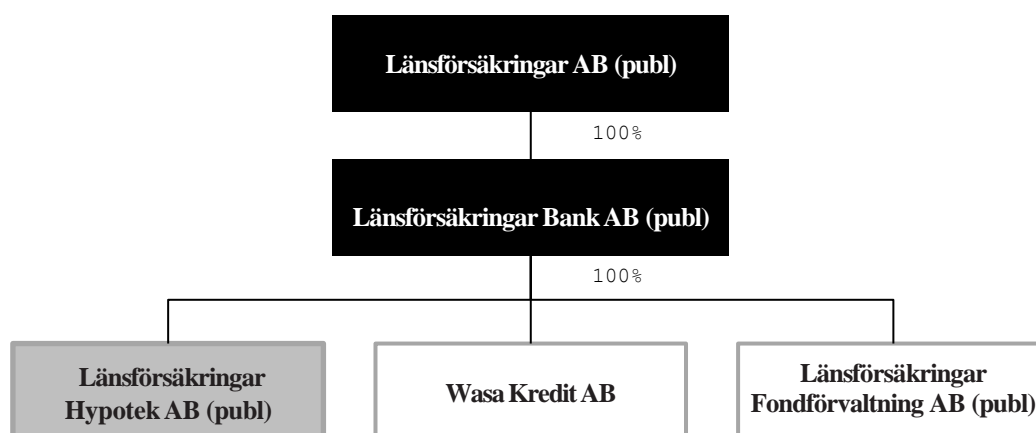
Description of the Issuer

General information

Länsförsäkringar Hypotek AB (publ) (reg. no. 556244-1781) (the **Issuer**) is a wholly-owned subsidiary of Länsförsäkringar Bank AB (publ) (reg. no. 516401-9878) (the **Parent Company**) which, in its turn, is a subsidiary of Länsförsäkringar AB (publ) (reg. no. 556549-7020) (**Länsförsäkringar AB**). All of these companies have their respective registered offices in Stockholm, Sweden.

The Issuer's registered office is at Tegeluddsvägen 11-13, SE-106 50 Stockholm, Sweden and its telephone number is +46 8 588 40 000. The Issuer's website is <https://www.lansforsakringar.se/stockholm/other-languages/english/about-lansforsakringar/lansforsakringar-hypotek/>.

The **Länsförsäkringar Bank Group** comprises the Parent Company and its wholly-owned subsidiaries, namely the Issuer, Wasa Kredit AB (reg. no. 556311-9204) and Länsförsäkringar Fondförvaltning AB (publ) (reg. no. 556364-2783). The administration of the Issuer's operations is outsourced to the Parent Company (see further below), which is an authorised bank. The Issuer was incorporated in Sweden (with an indefinite life) as a limited company under Swedish law and was registered with the Swedish Companies Registration Office on 29 May 1984. The Issuer is an authorised credit market company (kreditmarknadsbolag) the operations of which are governed by the Swedish Companies Act (Aktiebolagslagen (2005:551), the Banking and Financing Business Act (lagen (2004:297) om bank- och finansieringsrörelse) and otherwise by Swedish law. In so far as the Issuer operates outside Sweden, such operations are also governed by any applicable foreign laws.



The Issuer is part of the Länsförsäkringar Alliance, which comprises 23 local, independent and customer- owned regional insurance companies (the **Regional Insurance Companies**) that jointly own Länsförsäkringar AB and its subsidiaries. Länsförsäkringar AB is the financial hub of the Länsförsäkringar Alliance and is responsible for conducting joint business activities, strategic development activities and providing service that generates economies of scale.

The Issuer is dependent on the Parent Company and Länsförsäkringar AB for injection of requisite capital.

Overview of the Issuer

The Issuer is one of Sweden's larger mortgage institutions in terms of lent amounts (*source: Statistics Sweden*) and the retail mortgage operations, which are part of Länsförsäkringar Alliance's full-service offering, are conducted solely in Sweden. 86 per cent. of the Issuer's retail mortgage customers also have the Parent Company as their primary bank.

The Issuer conducts mortgage lending operations involving the origination of loans against collateral in the form of single-family homes, tenant-owned apartments and leisure homes and, to some extent, multi-family dwellings. Lending, which is provided to private individuals and homeowners, can be conducted at 128 branches of the Regional Insurance Companies throughout Sweden and via digital services and telephone. Sales (and certain administrative functions) are carried out at the branches of the Regional Insurance Companies. The Regional Insurance Companies are reimbursed for sales and administration through a reimbursement system based on volumes managed.

Most of Länsförsäkringar Bank Group's borrowing occurs through the Issuer. Borrowing is executed with covered bonds. To a certain extent financing is through the use of the Parent Company's deposit surplus.

Overview for the Issuer as of 31 March 2020

- Operating profit increased 11 per cent. to SEK 330 million (298 million).
- Net interest income increased 4 per cent. to SEK 655 million (632 million).
- Loans increased 8 per cent. to SEK 243 billion (226 billion).
- Loan losses amounted to SEK 1.6 million (-0.4 million) net, corresponding to loan losses of 0.00 per cent. (-0.00 per cent.).
- The Core Tier 1 ratio amounted to 18.1 per cent. on 31 March 2020.
- The number of customers increased to 280,000.

Figures in parentheses pertain to the same period in 2019.

Regulatory Framework

The Issuer is subject to a number of rules and regulations, including the Companies Act (Sw: Aktiebolagslagen 2005:551), the Securities Markets Act (Sw: Lag (2007:528) om värdepappersmarknaden) and the Banking and Financing Business Act (Sw: lag 2004:297) om bank- och finansieringsrörelse) which regulates, *inter alia*, the Issuer's lending activities. The issuance of covered bonds is regulated by the Act on the Issuance of Covered Bonds (Sw: lag (2003:1223) om utgivning av säkerställda obligationer). In addition, the Supervision of Credit and Investment Institutions Act (Sw: Lag (2014:968) om särskild tillsyn över kreditinstitut och värdepappersbolag), the Act on Capital Buffers (Sw: Lag (2014:966) om kapitalbuffertar) and CRD IV Regulation sets forth certain requirements on regulatory capital and exposure that the Issuer must observe.

The Issuer is supervised by the Swedish FSA.

The Issuer holds a license from the Swedish FSA to issue covered bonds in accordance with the Covered Bond Act.

Business and mission

The business concept of the retail mortgages operations is primarily to offer mortgages to the Länsförsäkringar Alliance's customers. Länsförsäkringar Hypotek's mission is to finance banking and retail mortgage operations, and to develop products and concepts as well as to support the Regional Insurance Companies in their mortgage sales and service to customers.

Strategy and distribution network

The strategy is to offer mortgages primarily to the Länsförsäkringar Alliance's 3.2 million retail customers and 2.4 million home-insurance customers. The mortgage offering is an entry product and a strongly integrated component of the bank offering. The local Regional Insurance Companies are responsible for and provide these mortgages. Customer contact takes place during personal meetings at 128 of the 23 Regional Insurance Companies' branches and via mobile services, the Internet and telephone. The real estate brokerage Länsförsäkringar Fastighetsförmedling also mediates customer contacts at its 176 branches. With the entire banking and insurance offering, customers receive a secure, personal and attractive commitment with Länsförsäkringar. Success is based on

Länsförsäkringar's strong brand, local presence and the Regional Insurance Companies being customer-owned.

A strong brand

According to the 2019 Swedish Quality Index customer satisfaction survey, the Parent Company has Sweden's most satisfied retail bank customers. In addition, the Parent Company also has the most satisfied corporate customers in Sweden according to the 2019 Swedish Quality Index.

Objectives

The Issuer's objectives are as follows:

- Achieve profitable growth.
- Have the most satisfied customers.
- Increase the percentage of customers with a close relationship with the Issuer and other entities within Länsförsäkringar Alliance.

Credit process

The maximum mortgaging level for various types of loans and decision-making limits for the Regional Insurance Companies' credit granting are stipulated in the Board of Directors of the Issuer's guidelines. Decision-making authorities are dependent on the size of the loans. The mortgage operations impose strict requirements in terms of customer selection, customers' repayment capacity and the nature of the collateral to be provided.

Credit scoring of retail loans is supported by a credit research system, which is largely automated in accordance with the advanced Internal Ratings Based Approach and a joint credit scoring model for the Issuer's mortgage lending operations. Loan origination is primarily managed by the Regional Insurance Companies. The credit rules are established by the Issuer's Board of Directors and apply to all Regional Insurance Companies.

The Regional Insurance Companies continuously monitor and review the quality of the loan portfolio and borrowers' repayment capacity.

Cover pool in brief

Cover pool	31 March 2020	31 March 2019	31 March 2018
Total volume, SEK billion	244	227	205
Collateral	Private homes	Private homes	Private homes
Weighted average LTV, %	59	59	57
OC*, %	30	29	32
Seasoning, months	62	59	58
Number of loans	404,752	338,225	364,842
Number of borrowers	178,879	171,382	160,994
Number of properties	178,626	171,250	160,841
Average commitment, SEK 000s	1,307	1,263	1,212
Average loan, SEK 000s	577	557	534
Interest rate type, variable, %	55	65	71
Interest rate type, fixed, %	45	35	29
Impaired loans	None	None	None

* OC is calculated using nominal values and excludes secured interest rates.

Debt securities in issue in other currencies than SEK are translated into SEK using the swap rate. Debt securities in issue include repurchase agreements.

Expected credit losses

A reserve for credit losses (**loss allowance**) is recognised for financial assets measured at amortised cost and debt instruments measured at fair value through other comprehensive income, financial guarantees and loan commitments. The initial loss allowance is calculated on initial recognition and is subsequently continuously adjusted over the lifetime of the financial asset. Initial recognition is defined by the Issuer as the time of origination of the financial instrument, meaning when the original loan terms were set. In the calculation of loss allowance the Issuer takes into consideration several different future scenarios, including macro factors.

Model and definitions

The expected credit loss impairment model is based on dividing the financial assets into three different stages.

- Stage 1 comprises assets for which the credit risk has not increased significantly since initial recognition.
- Stage 2 comprises assets for which the credit risk has increased significantly since initial recognition, but the asset is not credit-impaired. The approach selected to assess the significant increase in credit risk is to compare the probability of default (**PD**) on the reporting date in question with the PD from the initial reporting date. In addition, a credit risk is deemed to have increased significantly for assets that are more than 30 days past due.
- Stage 3 comprises credit-impaired assets or assets that were credit-impaired on initial recognition. The definition of credit-impaired is consistent with the Issuer's regulatory definition of default.

Estimating the loss allowance for stage 1 is to correspond to the 12-month expected credit losses (**ECL**). For stages 2 and 3, estimating the loss allowance is to correspond to lifetime expected credit losses. The calculations are primarily based on existing internal ratings-based models and take into account prospective information. The loss allowance is achieved by calculating the expected credit loss for the assets' contractual cash flows. The present value of the expected credit loss is calculated for every date in each cash flow by multiplying the remaining exposure with the PD and the loss given default (**LGD**). For stage 1, the loss allowance is calculated as the present value of the 12-month ECL, while the credit loss for stages 2 and 3 is calculated as the present value of the lifetime expected credit losses. All calculations of the loss allowance including estimates of exposure, PD and LGD take into account prospective information and are based on a weighting of at least three different possible macroeconomic scenarios. A number of statistical macro models have been developed to determine how each macroeconomic scenario will affect the expected future exposure, PD and LGD. The reserve for financial assets measured at amortised cost is recognised as a reduction of the recognised gross amount of the asset. For financial guarantees and loan commitments, the reserve is recognised as a provision. The reserve for debt instruments measured at fair value through other comprehensive income is recognised as the fair value reserve in equity and does not impact the carrying amount of the asset. De-recognition reduces the recognised gross amount of the financial asset. Loss allowance and de-recognition of confirmed credit losses are presented in the income statement as credit losses, net.

Funding with covered bonds

Borrowing is conducted on the basis of covered bonds. As per 31 March 2020, a total of 72 per cent. of the Issuer's total assets are financed through the issuance of covered bonds. The aim of the funding operations is to ensure that the mortgage institution has a sufficiently strong liquidity position to manage turbulent periods in capital markets, when access to funding is limited or even impossible. The liquidity risk is controlled and limited on the basis of a survival horizon, meaning how long all known cash flows can be met without access to capital market financing.

Risk Management

The risks arise as part of the Issuer's operations. Risks must be managed and the Board of Directors, which is ultimately responsible for the operations and, as a result, for protecting the Issuer's assets, is also responsible for generating risk awareness in the Issuer. The Issuer has entered into derivatives arrangements in the form of interest rate and currency swaps with the Parent Company and other parties in order to manage corresponding risks relating to the Issuer's funding and lending.

Overcollateralisation

The Issuer has, in Condition 2.2 of the Terms and Conditions of the Notes other than VPS Notes and Condition 2.2 of the Terms and Conditions of the VPS Notes, covenanted to procure that the nominal value of the cover pool shall at all times exceed the aggregate nominal value of claims which may be asserted against the Issuer on account of covered bonds by 10 per cent. or such other Alternative Overcollateralisation Percentage as may be selected by the Issuer from time to time in accordance with Condition 2.2 of the Terms and Conditions of the Notes other than VPS Notes and Condition 2.2 of the Terms and Conditions of the VPS Notes. See Condition 2.2 of the Terms and Conditions of the Notes other than VPS Notes and Condition 2.2 of the Terms and Conditions of the VPS Notes. See also "Risk Factors — Risks related to Notes generally — Overcollateralisation".

Outsourcing agreement regarding certain services

The Issuer and the Parent Company have agreed that the Parent Company shall, on behalf of the Issuer, perform those services that are required for the conduct of the Issuer's operations. The Parent Company and the Issuer have entered into a loan and services agreement in this respect (the **Outsourcing Agreement**).

Pursuant to the Outsourcing Agreement, the Parent Company shall, on behalf of the Issuer, perform administrative services, credit operations services as well as related operational services, finance-related services and certain other services. The Parent Company shall receive remuneration from the Issuer for the services performed by the Parent Company on behalf of the Issuer. Remuneration for the services rendered in accordance with the Outsourcing Agreement shall be paid annually in an amount to be agreed each year between the Issuer and the Parent Company. As stated below, the Parent Company's claims for remuneration with respect to rendered services under the Outsourcing Agreement will be subordinated in the event of the Issuer's bankruptcy, liquidation, or company reorganisation.

Intercreditor agreement and subordination of the Parent Company's claims against certain borrowers

The Issuer and the Parent Company have granted, and will grant additional, loans to certain borrowers. Such loans are secured by security granted to the Issuer and the Parent Company jointly and/or on a first and second ranking basis with respect to existing and/or future obligations of the borrowers (the **Joint Collateral**). The Issuer and the Parent Company have, in an intercreditor agreement, agreed that, unless otherwise agreed in a specific case in relation to a certain borrower, the Issuer's claims in respect of the Joint Collateral (and any income from the realisation thereof) shall rank senior to the Parent Company's claims in respect thereof.

Liquidity facility agreements between the Issuer and the Parent Company

The Issuer and the Parent Company have entered into a liquidity facility agreement, pursuant to which the Parent Company makes available a committed liquidity loan facility to the Issuer to support its ability to repay principal and pay interest on covered bonds issued under the Issuer's covered bond programmes.

Account structure for covered bonds

The Issuer's funds in Swedish Kronor will be deposited in an account with the Parent Company. The Issuer's funds in euro will be deposited in a separate account with Skandinaviska Enskilda Banken AB (publ). The funds relating to the Issuer's covered bond operations will be kept in separate accounts maintained separately from the Issuer's other accounts. In the event the unsecured, unsubordinated short-term credit rating of the Parent Company or Skandinaviska Enskilda Banken AB (publ) as determined by S&P falls below A-2, the Issuer will either (i) within 30 days from such event

open an account with a bank which has an unsecured, unsubordinated short-term credit rating from S&P which is not less than A-2 and to such account transfer all funds standing to the credit of the Issuer's account(s) with the relevant account bank the credit rating of which has fallen below the stated level, or (ii) take such other measures as S&P deems necessary.

The Association of Swedish Covered Bond Issuers

The Issuer is a member of the organization "The Association of Swedish Covered Bond issuers" (ASCB). ASCB is the voice of the Swedish covered bond industry. The purpose of the ASCB is to represent and promote the interests of the Swedish covered bond market. The Issuer's CFO and Executive Vice President Martin Rydin is one of the members of ASCB's steering Committee. More information regarding the ASCB can be found on ASCB's homepage www.ascb.se.

The Swedish Housing Market

In Sweden, housing finance is provided mainly by mortgage institutions and banks. A minor portion of loans are also granted by finance companies and insurance companies.

The mortgage institutions dominate the housing finance market and their loans normally replace banks' construction credits after a building has been completed. A typical residential mortgage loan in Sweden commonly has a variable rate or a fixed rate of interest for between 3 months and 12 years and is generally amortized over 20-50 years. At the end of the interest rate fixing period or loan term the borrower obtains refinancing, often through the same mortgage lender. Swedish mortgage institutions generally refinance themselves by issuing bonds and other securities in the Swedish and international capital markets. In Sweden a security interest in land is normally granted by the owner of the land pledging one or more mortgage certificates. Mortgage certificates are issued by the District Court in the district in which the land is located (Inskrivningsmyndigheten), the official registry of real estate, upon application from the owner of the land.

Board of Directors

Sven Eggefalk, born 1969.

Board Chairman since April 2018.

President of Länsförsäkringar Bank.

Other Board appointments / Principal Activities Outside: Board Chairman of WasaKredit, Board member of Länsförsäkringar Fondförvaltning, Länsförsäkringar Fastighetsförmedling AB and Svenska Bankföreningen.

Christian Bille, born 1962.

Board member since 2010.

President of Länsförsäkringar Halland.

Other Board appointments / Principal Activities Outside: Board member of Länsförsäkringar Halland.

Anders Långström, born 1968.

Board member since 2020.

President of Länsförsäkringar Norrbotten.

Other Board appointments / Principal Activities Outside: Board member of Försäkringsaktiebolaget Agria (publ) and Länsförsäkringar Norrbotten Holding AB.

Niklas Larsson, born 1970.

Board member since 2020.

President of Länsförsäkringar Göinge-Kristianstad.

Other Board appointments / Principal Activities Outside: Board member of Länsförsäkringar Sak Försäkringsaktiebolag (publ).

Göran Zakrisson, born 1953.

Board member since 2017.

Other Board appointments / Principal Activities Outside: None.

Management

Anders Borgcrantz, born 1961.

President.

Principal Activities Outside: Chief Financial Officer and Executive Vice President of Länsförsäkringar Bank AB (publ).

Martin Rydin, born 1968.
CFO and Executive Vice President.
Principal Activities Outside: None.

Control functions

Louise Lindgren
Risk control.

Elinoora Hoppe
Compliance.

Annika Rosberg Robotti
Internal Audit.

The business address of each member of the Issuer's Board of Directors and Management is Tegeluddsvägen 11-13, SE-106 50 Stockholm, Sweden.

Auditor

KPMG AB

Dan Beitner (Authorized Public Accountant)
Box 382
101 27 Stockholm
Telephone +46 8-723 96 33

To the best knowledge of the Issuer, no potential conflicts of interest exist between the private interests and other duties of the persons noted above and their duties to the Issuer. The aforesaid applies also to other persons from the Issuer involved in the preparation of this Base Prospectus.

Book entry clearing in respect of VPS Notes

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of the VPS currently in effect. The information in this section concerning the VPS has been obtained from sources that the Issuer believes to be reliable, but neither the Issuer nor any Dealer takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of the VPS are advised to confirm the continued applicability of the rules, regulations and procedures of the VPS. Neither the Issuer, nor any other party to the Agency Agreement 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 Notes held through the facilities of the VPS or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

VERDIPAPIRSENTRALEN (VPS)

Verdipapirsentralen ASA is a Norwegian public limited liability company which in 2003 was authorised to conduct the business of registering financial instruments in Norway in accordance with the VPS Act. The VPS Act requires that, among other things, all notes and bonds issued in Norway and which are denominated in Norwegian kroner shall be registered in accordance with section 3-1 of the Norwegian Securities Depository Act of 15 March 2019 no. 6 in a securities depository approved or acknowledged under the EU central securities depositories (CSD) regulation (Regulation (EU) No 909/2014 of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012).

VPS is a paperless securities registry and registration of ownership, transfer and other rights to financial instruments are evidenced by book entries in the registry. Any issuer of securities registered in the VPS will be required to have an account (issuer's account) where all the securities registered in the VPS are registered in the name of the holder and each holder is required to have her/his own account (investor's account) showing such person's holding of securities registered in the VPS at any time. Both the issuer and the VPS Noteholder will, for the purposes of registration in the VPS, have to appoint an account operator which will normally be a Norwegian bank or Norwegian investment firm.

It is possible to register a holding of securities registered in the VPS through a nominee approved by the Financial Supervisory Authority of Norway.

Taxation

Swedish Taxation

The following overview outlines certain Swedish income tax consequences of the acquisition, ownership and disposition of Notes and is based on the Swedish tax laws in force as of the date of this Base Prospectus. The overview does not address all potential aspects of Swedish taxation that may be applicable to a potential investor in the Notes and the overview is neither intended to be, nor should it be construed as, legal or tax advice. In particular, the overview does not address the rules regarding reporting obligations for, among others, payers of interest. Specific tax consequences may be applicable to certain categories of corporations, e.g. investment companies and life insurance companies. Specific tax consequences may also apply when Notes are held by partnerships or as trading assets in a business. Such tax consequences are not described below. Neither does the overview cover Notes which are placed on an investment savings account (Sw. *investeringssparkonto*). A potential investor in the Notes should therefore consult with its own tax advisor as to the Swedish and foreign tax consequences (including the applicability and effect of tax treaties) of the acquisition, ownership and disposition of Notes.

(i) **Non-resident Holders of Notes**

As used herein, a **Non-resident Holder** means a holder of Notes who is (a) an individual who is not a resident of Sweden for tax purposes and who has no connection to Sweden other than his/her investment in the Notes, or (b) an entity not organised under the laws of Sweden.

Under Swedish law, payments of principal or any amount that is considered to be interest for Swedish tax purposes to a Non-resident Holder of Notes should not be subject to Swedish income tax unless such Non-resident Holder of Notes carries on a trade or business through a permanent establishment in Sweden to which the Notes are attributable.

Swedish law does not impose withholding tax on payments of principal or interest to a Non-resident Holder of Notes.

Under Swedish law, a capital gain on a sale of Notes by a Non-resident Holder will not be subject to Swedish income tax unless the holder carries on a trade or business in Sweden through a permanent establishment to which the Notes are attributable.

However, private individuals who are not resident in Sweden for tax purposes may be liable to capital gains taxation in Sweden upon disposal or redemption of certain financial instruments, depending on the classification of the particular financial instrument for Swedish income tax purposes, if they have been resident in Sweden or have lived permanently in Sweden at any time during the calendar year of disposal or redemption or the ten calendar years preceding the year of disposal or redemption. Taxation may, however, be limited by an applicable tax treaty.

(ii) **Resident Holders of Notes**

As used herein, a **Resident Holder** means a holder of Notes who is (a) an individual who is a resident of Sweden for tax purposes or (b) an entity organised under the laws of Sweden.

In general, for Swedish corporations and individuals (and estates of deceased individuals) that are resident holders of any Notes, all capital income (e.g. income that is considered to be interest for Swedish tax purposes and capital gains on Notes) will be taxable. A capital gain or capital loss is calculated as the difference between the sales proceeds, after deduction for sales expenses, and the acquisition cost for tax purposes. The acquisition cost for all Notes of the same kind is determined according to the "average method" (Sw. *genomsnittsmetoden*).

An individual's capital income such as capital gains and interest is subject to a 30 per cent. tax rate. Limited liability companies and other legal entities are taxed on all income, including capital gains and interest, as business income at the tax rate of 21.4 per cent. As of 2021, the tax rate will be reduced to 20.6 per cent.

Losses on listed Notes (Sw. *marknadsnoterade fordringsrätter*) should generally be fully deductible for limited liability companies and for individuals in the capital income category. Certain deduction limitations may apply for individuals and limited liability companies with respect to losses on financial

instruments deemed share equivalents (*Sw. delägarrätter*) for Swedish tax purposes, not described further herein.

Swedish law does not impose withholding tax on payments of principal or interest to a Resident Holder of Notes. However, preliminary income tax (*Sw. preliminärskatt*) at a rate of 30 per cent. is normally withheld on payments of interest, and other yield which is paid at the same time as interest, to individuals (and estates of deceased individuals).

Luxembourg Taxation

The following overview is of a general nature and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Withholding Tax

(i) Non-resident holders of Notes

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

(ii) Resident holders of Notes

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 (the **Relibi Law**) mentioned below, there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Relibi Law payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 20 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Accordingly, payments of interest under the Notes coming within the scope of the Relibi Law will be subject to a withholding tax at a rate of 20 per cent.

The proposed financial transactions tax (the FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common financial transactions tax 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.

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 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 the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Sweden) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are published generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date. However, if additional Notes (as described under “Terms and Conditions of the Notes other than VPS Notes – Further Issues” or “Terms and Conditions of the VPS Notes – Further Issues”) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes.

Subscription and Sale

The Dealers have, in a programme agreement (the **Programme Agreement**) dated 24 June 2020, 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”, “Terms and Conditions of the Notes other than VPS Notes” and “Terms and Conditions of the VPS 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.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from 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 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 regulations thereunder. The applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes) 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, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, 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. 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 and UK Retail Investors

Unless the Final Terms in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) specifies “Prohibition of Sales to EEA and 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 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 Pricing Supplement, as the case may be) in relation thereto to any retail investor in the EEA or in the United Kingdom. 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 Directive 2014/65/EU (as amended, **MiFID II**); or
 - (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**); 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 in respect of any Notes (or Pricing Supplement, in the case of Exempt Notes) specifies “Prohibition of Sales to EEA and UK Retail Investors” as “Not Applicable”, in relation to each Member State of the EEA and the United Kingdom (each, a **Relevant State**), 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 Pricing Supplement, as the case may be, in relation thereto to the public in that Relevant State, except that it may make an offer of such Notes to the public in that Relevant State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospective 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 Relevant 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 and the expression **Prospectus Regulation** means Regulation (EU) 2017/1129.

United Kingdom

Each Dealer has 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 United Kingdom.

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.

Norway

Each Dealer has represented and agreed, and each Dealer appointed under the Programme will be required to represent and agree, that, unless the Issuer has confirmed in writing to each Dealer that the Notes (if required) and the Base Prospectus have been approved by the Financial Supervisory Authority of Norway, it has not, directly or indirectly offered or sold and will not, directly or indirectly, offer or sell any notes in Norway or to residents of Norway, except (i) to qualified investors as defined in the Prospectus Regulation Article 2 (e), cf. Article 1 no. 4 (b), as incorporated into Norwegian law pursuant to Section 7-1 of the Norwegian Securities Trading Act of 29 June 2017 No. 75 (the **Securities Trading Act**) or (ii) in respect of an offer of Notes addressed to investors subject to a minimum purchase of Notes for a total consideration of not less than €100,000 per investor, cf. the Prospectus Regulation Article 1 no. 4 (c) as incorporated into Norwegian law pursuant to Section 7-1 of the Securities Trading Act or (iii) to, when aggregated with such offer or sale of any Notes in the same offering by any other Dealer, fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation Article 2 (e), cf. Article 1 no. 4 (b), as incorporated into Norwegian law pursuant to Section 7-1 of the Securities Trading Act), subject to obtaining the prior consent of the relevant Dealer or Dealers for any such offer, or (iv) in any other circumstance that shall not result in a requirement for the registration or the publication by the Issuer or the Dealer or Dealers of a prospectus pursuant to the Prospectus Regulation Article 1 no. 4 and no. 6 as incorporated into Norwegian law pursuant to Section 7-1 of the Securities Trading Act. Notes denominated in Norwegian kroner shall be registered in accordance with section 3-1 of the Norwegian Securities Depository Act of 15 March 2019 no. 64 in a securities depository approved or acknowledged under the EU central securities depositories (CSD) regulation (Regulation (EU) No 909/2014 of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No 236/2012) which unless otherwise specified in the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes) will be the VPS unless the Notes are issued outside of Norway and reserved for and only sold and offered to non-Norwegian residents and entities.

Belgium

Other than in respect of Notes for which "Prohibition of Sales to Belgian Consumers" is specified as "Not Applicable" in the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a **Belgian Consumer**) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

Singapore

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 (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 (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore (as modified or amended from time to time, the **SFA**)) pursuant to Section 274 of the SFA, (ii) 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 (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 2(1) of the SFA) or securities-based derivative contracts (as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (a) to an institutional investor or to a relevant person or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (b) where no consideration is or will be given for the transfer;
- (c) where the transfer is by operation of law;
- (d) as specified in Section 276(7) of the SFA; or
- (e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Notification under Section 309B(1)(c) of the SFA - Unless otherwise stated in the Final Terms (or Pricing Supplement, in the case of Exempt Notes) in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to 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.

General Information

Authorisation

The update of the Programme and the issue of Notes have been duly authorised by a resolution of the Board of Directors of the Issuer dated 23 March 2020.

Listing, approval and admission to trading

Application has been made to the Luxembourg Stock Exchange for Notes, other than Exempt Notes, issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of MiFID II.

Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection on the website of the Issuer (<https://www.lansforsakringar.se/stockholm/other-languages/english/about-lansforsakringar/lansforsakringar-hypotek/terms-of-usage-for-emptn-base-prospectus/prospectus-euro-medium-term-notes/>):

- (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, the Talons, the VPS Trustee Agreement and the VPS Agency Agreement;
- (c) a copy of this Base Prospectus; and
- (d) any future Base Prospectuses, prospectuses, information memoranda, supplements to this Base Prospectus and Final Terms.

Pricing Supplements 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) and any other documents incorporated herein or therein by reference.

In addition, copies of this Base Prospectus, any supplement to this Base Prospectus, each Final Terms relating to Notes which are admitted to trading on the Luxembourg Stock Exchange's regulated market and each document incorporated by reference are available on the Luxembourg Stock Exchange's website, www.bourse.lu.

Clearing Systems

The 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 Pricing Supplement, in the case of Exempt Notes).

If the Notes are to clear through or registered in an additional or alternative clearing system (including the VPS or any other relevant securities depository) the appropriate information will be specified in the applicable Final Terms (or Pricing Supplement, in the case of Exempt Notes).

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

The address of the VPS is Fred Olsens gate 1, 0152 Oslo.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each 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 position of the Issuer or of the Issuer's group since 31 March 2020 and save as disclosed in the risk factor, "*Risks relating to disruptions in the global credit markets and economy*", there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2019.

Litigation

Neither the Issuer nor any other member of the Issuer's 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 Issuer's group.

Auditors

The auditors of the Issuer are KPMG AB (Chartered Accountants), a member of the Swedish Institute of Authorised Public Accountants, who have audited the Issuer's accounts, without qualification, in accordance with generally accepted auditing standards in Sweden for each of the two financial years ended on 31 December 2018 and 31 December 2019. The auditors of the Issuer have no material interest in the Issuer.

Dealers transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

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 securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. 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

The yield relating to a particular issue of Notes will be stated in the Final Terms relating to those Notes and is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

ISSUER

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